

OFFICIAL STATEMENT DATED JUNE 16, 2021

NEW ISSUE—BOOK ENTRY ONLY

MOODY'S RATING: Aa1
See "RATINGS" herein

In the opinion of Skinner Fawcett LLP, Bond Counsel, assuming continuous compliance with certain covenants described herein: (i) interest on the Series 2021A Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2021A/B Bonds (the "Tax Code"); (ii) interest on the Series 2021A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; and (iii) interest on the Series 2021A Bonds and the Series 2021B Bonds is excluded from gross income for purposes of income taxation by the State of Idaho. See "TAX MATTERS" herein.



\$35,890,000

IDAHO BOND BANK AUTHORITY

\$1,800,000 Refunding Revenue Bonds, Series 2021A

\$34,090,000 Refunding Revenue Bonds, Series 2021B (Federally Taxable)

DATED: Date of Delivery

DUE: September 15, as shown on the inside cover

THE SERIES 2021A/B BONDS: The Idaho Bond Bank Authority (the "Authority") Refunding Revenue Bonds, Series 2021A (the "Series 2021A Bonds") and Refunding Revenue Bonds, Series 2021B (Federally Taxable) (the "Series 2021B Bonds" and, collectively with the Series 2021A Bonds, the "Series 2021A/B Bonds") are being issued under Title 67, Chapter 87, Idaho Code, as amended (the "Act") pursuant to the Master Trust Agreement between the Authority and trustee, U.S. Bank National Association, which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which has now been replaced by Zions Bancorporation, National Association (the "Trustee"), dated as of December 1, 2004 (the "Master Trust Agreement"), as supplemented (the Master Trust Agreement, together with all supplements, is referred to herein as the "Trust Agreement").

BOOK-ENTRY ONLY SYSTEM: The Series 2021A/B Bonds will be issued in fully registered form under a book-entry only system and will be registered in the name of Cede & Co., as bond owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Series 2021A/B Bonds. Individual purchases of the Series 2021A/B Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Series 2021A/B Bonds purchased.

PRINCIPAL AND INTEREST PAYMENTS: Interest on the Series 2021A/B Bonds will be paid on September 15, 2021 and semiannually thereafter on March 15 and September 15 of each year to the maturity or earlier redemption of the Series 2021A/B Bonds. Principal of and interest on the Series 2021A/B Bonds will be payable to the persons in whose names such Series 2021A/B Bonds are registered (the "Beneficial Owners"), at the address appearing upon the registration books on the 15th day of the month preceding a payment date. The principal of and interest on the Series 2021A/B Bonds will be payable by the Authority's bond registrar, the Trustee, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the Beneficial Owners of the Series 2021A/B Bonds.

MATURITY SCHEDULE: See inside cover

PURPOSE: Proceeds of the Series 2021A Bonds will be used by the Authority to make loans (the "Loan" or "Loans") to the City of Hazelton, Idaho, and to the Shelley-Firth Fire Protection District, Bingham County, Idaho, in order to refund certain bonds previously issued by such Participants (defined below); and the proceeds of the Series 2021B Bonds will be used by the Authority to make Loans to the City of Burley, Idaho, the City of Jerome, Idaho, the City of Rupert, Idaho, the City of St. Anthony, Idaho, and the Lost Rivers Hospital District, Butte County, Idaho (the City of Hazelton, the Shelley-Firth Fire Protection District, the City of Burly, the City of Jerome, the City of Rupert, the City of St. Anthony, and the Lost Rivers Hospital District are collectively referred to herein as, the "Participants") in order to refund certain bonds previously issued by the Participants and/or by the Authority, all as more fully described herein. See "PURPOSE AND USE OF PROCEEDS" herein. The Authority and the Participants will enter into loan agreements dated as of June 1, 2021 (collectively, the "Loan Agreements"), to provide for the repayment of the Loans, as described herein. In addition, the Authority has issued other series of its Bonds and made loans (collectively, the "IBBA Loans") to other participants (collectively, the "IBBA Participants") under the Authority's financing program.

REDEMPTION: Certain of the Series 2021A/B Bonds are subject to optional and mandatory redemption as described herein. See "DESCRIPTION OF THE SERIES 2021A/B BONDS—Redemption."

SECURITY: The Series 2021A/B Bonds are limited obligations of the Authority and the interest thereon, principal thereof and premiums, if any, are payable solely from (i) all amounts payable to the Authority pursuant to all loan agreements for all Authority Bonds (collectively, the "IBBA Loan Agreements") and moneys intercepted by the Authority from moneys due the IBBA Participants from the State pursuant to Section 67-8727, Idaho Code, (ii) all investment earnings on amounts held by the Trustee pursuant to the Trust Agreement, (iii) State Sales Tax Revenues, defined herein, and (iv) all other moneys received by the Authority and designated by the Authority as available to make payments on the Series 2021A/B Bonds (collectively, the "Revenues"). THE SERIES 2021A/B BONDS ARE NOT A DEBT OF THE STATE OF IDAHO OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON, NOR IN ANY EVENT SHALL THE SERIES 2021A/B BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS PROVIDED UNDER THE TRUST AGREEMENT AND THE ACT. THE SERIES 2021A/B BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE LOANS, HOWEVER, FUNDED BY THE SERIES 2021A/B BONDS DO CONSTITUTE INDEBTEDNESS OF THE PARTICIPANTS WITHIN THE MEANING OF CONSTITUTIONAL AND STATUTORY LIMITATIONS OR RESTRICTIONS.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELATING TO AN INVESTMENT IN THE SERIES 2021A/B BONDS. INVESTORS ARE ADVISED TO READ THIS OFFICIAL STATEMENT (INCLUDING THE APPENDICES) IN ITS ENTIRETY BEFORE MAKING AN INVESTMENT DECISION.

LEGAL MATTERS: The Series 2021A/B Bonds are offered when, as and if issued and received by the Underwriter (hereinafter defined), subject to the approval of legality by Skinner Fawcett LLP, bond counsel, and certain other conditions. Certain matters will be passed on for the Underwriter by Skinner Fawcett LLP, in its capacity as disclosure counsel to the Authority. It is expected that the Series 2021A/B Bonds will be available for delivery through the facilities of DTC on or about June 29, 2021 (the "Date of Delivery").

MATURITY SCHEDULE

\$1,800,000 Refunding Revenue Bonds, Series 2021A

Due September 15	Principal ⁽¹⁾ Amount	Interest Rate	Yield	CUSIP #45115P†
2021	\$80,000	4.000%	0.140%	BS9
2022	65,000	4.000	0.160	BT7
2023	65,000	4.000	0.220	BU4
2024	70,000	4.000	0.330	BV2
2025	70,000	4.000	0.470	BW0
2026	75,000	4.000	0.590	BX8
2027	75,000	4.000	0.720	BY6
2028	80,000	4.000	0.840	BZ3
2029	80,000	4.000	0.960	CA7
2030	85,000	4.000	1.060	CB5
2031	90,000	4.000	1.120	CC3

\$505,000 4.00% Term Bond Due September 15, 2036 @ 1.370% Yield; CUSIP No. 45115PCV1
\$460,000 4.00% Term Bond Due September 15, 2042 @ 1.580% Yield; CUSIP No. 45115PCD1

† CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the owners of the Series 2021A Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2021A Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021A Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021A Bonds.

\$34,090,000
Refunding Revenue Bonds, Series 2021B (Federally Taxable)

Due September 15	Principal ⁽¹⁾ Amount	Interest Rate	Yield	CUSIP #45115P†
2022	\$ 95,000	5.000%	0.200%	CE9
2023	1,815,000	5.000	0.290	CF6
2024	2,305,000	5.000	0.540	CG4
2025	3,005,000	5.000	0.850	CH2
2026	3,070,000	5.000	1.030	CJ8
2027	3,155,000	5.000	1.270	CK5
2028	3,055,000	5.000	1.490	CL3
2029	3,075,000	5.000	1.680	CM1
2030	2,930,000	5.000	1.780	CN9
2031	2,965,000	5.000	1.900	CP4
2032	2,025,000	1.970	1.970	CQ2
2033	2,060,000	2.080	2.080	CR0
2034	2,105,000	2.170	2.170	CS8
2035	1,715,000	2.280	2.280	CT6
2036	715,000	2.380	2.380	CU3

† CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the owners of the Series 2021B Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2021B Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021B Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021B Bonds.

Idaho Bond Bank Authority

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Board Members

Julie A. Ellsworth	Chair
Dan Johnson	Member
John Vander Woude	Member
Seth Grigg	Member
Len Crosby	Member

Administrators

Edelene Ohman	Executive Director
Shawn Nydegger	Treasurer
Tana Cory	Secretary

Series 2021A Participants

City of Hazelton, Jerome County, Idaho
Shelley-Firth Fire Protection District, Bingham County,
Idaho

Series 2021B Participants

City of Burley, Cassia County, Idaho
City of Jerome, Jerome County, Idaho
City of Rupert, Minidoka County, Idaho
City of St. Anthony, Fremont County, Idaho
Lost Rivers Hospital District, Butte County, Idaho

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REGARDING USE OF THIS OFFICIAL STATEMENT

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY OR BY THE UNDERWRITER TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE CERTIFICATES, NOR SHALL THERE BE ANY SALE OF THE CERTIFICATES BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSONS TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION SET FORTH HEREIN HAS BEEN FURNISHED BY THE AUTHORITY, DTC, AND CERTAIN OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE. ANY STATEMENTS MADE IN THIS OFFICIAL STATEMENT INVOLVING MATTERS OF OPINION OR ESTIMATES, WHETHER OR NOT SO EXPRESSLY STATED, ARE SET FORTH AS SUCH AND NOT AS REPRESENTATIONS OF FACT OR REPRESENTATIONS THAT THE ESTIMATES WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE CERTIFICATES. STATEMENTS IN THIS OFFICIAL STATEMENT THAT ARE NOT HISTORICAL INFORMATION ARE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS. IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE," "FORECAST" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALTHOUGH THE AUTHORITY BELIEVES THAT ITS EXPECTATIONS REGARDING FUTURE EVENTS ARE BASED ON REASONABLE ASSUMPTIONS WITHIN THE SCOPE OF ITS KNOWLEDGE, THE AUTHORITY CAN GIVE NO ASSURANCE THAT ITS GOALS WILL BE ACHIEVED OR THAT ITS EXPECTATIONS REGARDING FUTURE DEVELOPMENTS WILL BE REALIZED. THE FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY THESE STATEMENTS.

THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON A SPECIFIC EXEMPTION CONTAINED IN SUCH ACT, NOR HAVE THEY BEEN REGISTERED UNDER THE SECURITIES LAWS OF ANY STATE.

THIS OFFICIAL STATEMENT HAS BEEN "DEEMED FINAL" BY THE AUTHORITY, PURSUANT TO RULE 15C2-12 PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, EXCEPT FOR INFORMATION WHICH IS PERMITTED TO BE EXCLUDED FROM THIS OFFICIAL STATEMENT UNDER SAID RULE 15C2-12.

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OFFICIAL STATEMENT

of

Idaho Bond Bank Authority

Relating to its

\$1,800,000 Refunding Revenue Bonds, Series 2021A

\$34,090,000 Refunding Revenue Bonds, Series 2021B (Federally Taxable)

Definitions

Unless the context otherwise requires, the terms used in this Official Statement shall have the meanings specified in **Appendix A**, attached hereto.

The information set forth herein has been obtained from the Authority and other sources that are believed to be reliable.

The Idaho Bond Bank Authority

The Idaho Bond Bank Authority (the “**Authority**”), an independent public body corporate and politic created by the Idaho State Legislature in 2001, is an instrumentality of the State of Idaho (the “**State**”) within the State Treasurer’s Office. An authorizing amendment to the Idaho Constitution was adopted in 2000, enabling legislation that was passed in the 2001 Legislative Session. Title 67, Chapter 87, of the Idaho Code (the “**Act**”) authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law.

The Authority is administered by a board consisting of the Idaho State Treasurer or his designee, one member of the Senate, one member of the House of Representatives, and two members appointed by the governor (the “**Board**”). The Act provides that members continue to serve until their replacement is appointed. Current Board members and their terms are as follows:

Idaho Bond Bank Board Members

Member	Elective Office/Occupation	Term Expires
Julie A. Ellsworth, Chair	State Treasurer	01/02/2023 ⁽¹⁾
Dan Johnson	State Senator	11/30/2022 ⁽²⁾
John Vander Woude	State Representative	11/30/2022 ⁽³⁾
Seth Grigg	Executive Director, Idaho Association of Counties	07/01/2022 ⁽⁴⁾
Len Crosby	Vice President, Financial and Real Estate Consulting, LLC	07/01/2022 ⁽⁴⁾

- (1) Under the Act the State Treasurer is designated a member and Chairman of the Authority. The State Treasurer is a statewide elective office. Ms. Ellsworth was elected to a four-year term as State Treasurer on November 6, 2018, and her current term expires January 2, 2023.
- (2) The president pro tempore of the Senate is required by Section 67-8703(2)(b) of the Idaho Code to appoint a member of the senate to the Board for a two-year term.
- (3) The Speaker of the House of Representatives is required by Section 67-8703(2)(c) of the Idaho Code to appoint a member of the House of Representatives to the Board for a two-year term.
- (4) The Governor is required by Section 67-8703(2)(d) of the Idaho Code to appoint two members who are residents of the State and qualified voters at the time of appointment to a four-year term.

Edelene Ohman, Executive Director

Edelene Ohman was appointed Executive Director of the Authority in June 2017. Ms. Ohman is also the Director of Investments for the Idaho State Treasurer's Office. In this capacity, she oversees the investment management of the Local Government Investment Pool, Diversified Bond Fund and the State's internal investments, as well as the issuance of State tax anticipation notes and various programs facilitated by the Idaho State Treasurer's office. Ms. Ohman holds a Bachelor of Science in Economics and a Minor in Political Science from the University of Montana. Prior to joining the Treasurer's office as the Director of Investments, Ms. Ohman was registered with both FINRA and the NASDAQ stock market and employed as a securities representative and securities sales supervisor for many years.

Shawn Nydegger, Treasurer

Shawn Nydegger was appointed Treasurer of the Authority in June of 2017. He previously served as the Executive Director of the Authority from March 2010 – June 2013. The Treasurer of the Authority shares primary responsibility with the Executive Director to ensure the Authority, as Issuer, efficiently carries out its continuing disclosure obligations with respect to the municipal securities it issues. Mr. Nydegger is also an Investment Officer for the Idaho State Treasurer's Office. In this capacity, Mr. Nydegger manages portfolios for the State's internal investments, the Local Government Investment Pool, the Diversified Bond Fund, State of Idaho Debt Issuance, and Millennium Funds. Mr. Nydegger has been with the Treasurer's Office for more than 19 years and holds a Bachelor of Business Administration in Finance from Boise State University.

Tana Cory, Secretary

Tana Cory is the Executive Assistant to the Treasurer in the Idaho State Treasurer's Office. Ms. Cory currently serves as Secretary for the Authority, Ideal – Idaho College Savings Program and the Idaho State Treasurer's Investment Advisory Board.

Introduction

The Idaho Bond Bank Authority is furnishing this Official Statement to provide information in connection with the issuance of \$1,800,000 aggregate principal amount Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A (the "**Series 2021A Bonds**") and \$34,090,000 aggregate principal amount of Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021B (Federally Taxable) (the "**Series 2021B Bonds**") and collectively with the Series 2021A Bonds, the "**Series 2021A/B Bonds**") pursuant to the Master Trust Agreement dated as of December 1, 2004 (the "**Master Trust Agreement**"), between the Authority and trustee, U.S. Bank National Association, which was replaced by The Bank of New York Mellon Trust Company, N.A., which has now been replaced by Zions Bancorporation, National Association (the "**Trustee**"). The Master Trust Agreement has been supplemented thirty times and a Thirty-First Supplemental Trust Agreement between the Authority and the Trustee is expected to be dated as of June 1, 2021 (the "**Thirty-First Supplemental Trust Agreement**") and, collectively with the Master Trust Agreement and previous supplements to the Master Trust Agreement, the "**Trust Agreement**").

This Official Statement, which includes the cover page, inside cover and appendices, provides information concerning the (i) City of Hazelton, Idaho, (ii) the Shelley-Firth Fire Protection District, Bingham County, Idaho ((i) and (ii) are collectively referred to herein as the "Series 2021A Participants"), (iii) the City of Burley, Idaho, (iv) the City of Jerome, Idaho, (v) the City of Rupert, Idaho, (vi) the City of St. Anthony, Idaho, and (vii) the Lost Rivers Hospital District, Butte County, Idaho ((iii), (iv), (v), (vi) and (vii) are collectively referred to herein as the "Series 2021B Participants" and together with the Series 2021A Participants, collectively the "**Participants**"), shown on the inside cover page of this Official Statement, the loans acquired by the Authority, as further described herein, and the Series 2021A/B Bonds.

The information set forth herein has been obtained from the Authority, the Participants and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The Authority has previously issued thirty-three series of pooled revenue bonds, as described in **Appendix F**. The following table provides information on the Authority's outstanding bonds and the Series 2021A/B Bonds (collectively, the "**Outstanding Bonds**"):

**Outstanding Idaho Bond Bank Authority Revenue Bonds
(As of July 1, 2021)**

Pooled Financing Bonds	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
Series 2004A	12/1/2004	9/1/2022	\$11,070,000	\$ 60,000
Series 2006B	11/30/2006	9/15/2036	9,780,000	-
Series 2007A	11/1/2007	9/15/2027	11,700,000	-
Series 2008A	4/1/2008	9/15/2037	14,625,000	-
Series 2008C	11/12/2008	9/15/2038	23,360,000	-
Series 2008D	11/12/2008	9/15/2023	320,000	30,000
Series 2008E	11/22/2008	9/15/2028	27,820,000	-
Series 2009A	1/26/2009	9/15/2028	48,795,000	-
Series 2009C	11/3/2009	9/15/2029	9,665,000	550,000
Series 2010A	4/1/2010	9/15/2025	18,595,000	7,680,000
Series 2010B	11/9/2010	9/15/2040	28,490,000	-
Series 2010C	12/8/2010	9/15/2025	10,000,000	-
Series 2011A	8/31/2011	9/15/2027	10,670,000	730,000
Series 2012A	2/1/2012	9/15/2033	11,860,000	2,990,000
Series 2012B	6/21/2012	9/15/2041	21,625,000	6,520,000
Series 2012C	10/11/2012	9/15/2027	17,360,000	5,640,000
Series 2012D	12/20/2012	9/15/2038	66,340,000	17,945,000
Series 2013A	6/5/2013	9/15/2042	4,990,000	540,000
Series 2013B	8/20/2013	9/15/2038	12,865,000	2,430,000
Series 2014A	2/12/2014	9/15/2038	51,600,000	30,640,000
Series 2014B	4/17/2014	9/15/2034	5,545,000	780,000
Series 2014C	11/18/2014	9/15/2034	13,415,000	9,125,000
Series 2015A	3/5/2015	9/15/2034	22,315,000	18,235,000
Series 2015B	9/2/2015	9/15/2038	20,560,000	19,115,000
Series 2017A	3/15/2017	9/15/2040	21,945,000	14,325,000
Series 2017B	3/15/2017	9/15/2046	8,000,000	7,520,000
Series 2017C	9/15/2017	9/15/2047	14,050,000	13,225,000
Series 2018A	3/21/2018	9/15/2047	3,950,000	3,875,000
Series 2020A	10/8/2020	9/15/2040	20,900,000	20,900,000
Series 2020B	10/8/2020	9/15/2038	23,265,000	23,265,000
Series 2021A(1)	6/29/2021	9/15/2042	1,800,000	1,800,000
Series 2021B(1)	6/29/2021	9/15/2038	34,090,000	34,090,000
Total Pooled			\$601,365,000	\$242,010,000

⁽¹⁾ This issue.

Source: Idaho Bond Bank Authority

** Assumes defeasance of Refunded Bonds (defined below).

Authority for Issuance of the Series 2021A/B Bonds

The Series 2021A/B Bonds are being issued by the Authority pursuant to the Act. The Act authorizes the Authority to issue bonds, the proceeds of which are used to purchase municipal bonds, including loans undertaken by municipalities for any purpose authorized by law. The proceeds of the Series 2021A/B Bonds are to be applied by the Authority to acquire the loans (the “**Loan**” or the “**Loans**”) made by the Authority pursuant to the Act to the Participants. Prior to the Date of Delivery, the Participants are each required to have issued and sold a note or bond (the “**Municipal Bond**”) to the Authority as evidence of each Participant’s Loan obligations.

The underlying obligation evidenced by each Participant’s Municipal Bond was authorized by the requisite number of qualified

voters voting in the election called for such purposes, except for the Lost Rivers Hospital District and Shelley-Firth Fire Protection District which were authorized by judicial confirmations.

Principal Amounts, Date, Interest Rates and Maturities

The Series 2021A Bonds will be issued in the aggregate principal amount of \$1,800,000 and the Series 2021B Bonds will be issued in the aggregate principal amount of \$34,090,000. The Series 2021A/B Bonds will be dated and bear interest from their Date of Delivery, and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on the Series 2021A/B Bonds will be payable on September 15, 2021, and semiannually thereafter on March 15 and September 15 of each year until maturity or redemption (each March 15 and September 15 is referred to herein as the “Interest Payment Date”).

**Idaho Bond Bank Authority
Revenue Bonds
Debt Service Schedule**

Fiscal Year⁽¹⁾	Outstanding Revenue Bond Debt Service⁽²⁾	Series 2021A Revenue Bonds Principal	Series 2021A Revenue Bonds Interest	Series 2021B Revenue Bonds Principal	Series 2021B Revenue Bonds Interest	Total Aggregate Debt Service
2022	\$25,097,152	\$80,000	\$49,600		\$1,036,827	\$26,263,579
2023	24,607,825	65,000	67,500	\$95,000	1,455,663	26,290,988
2024	21,636,343	65,000	64,900	1,815,000	1,407,913	24,989,156
2025	20,702,888	70,000	62,200	2,305,000	1,304,913	24,445,001
2026	19,774,433	70,000	59,400	3,005,000	1,172,163	24,080,996
2027	16,736,305	75,000	56,500	3,070,000	1,020,288	20,958,093
2028	15,991,967	75,000	53,500	3,155,000	864,663	20,140,130
2029	14,139,286	80,000	50,400	3,055,000	709,413	18,034,099
2030	13,976,891	80,000	47,200	3,075,000	556,163	17,735,254
2031	13,858,814	85,000	43,900	2,930,000	406,038	17,323,752
2032	13,857,526	90,000	40,400	2,965,000	258,663	17,211,589
2033	13,078,095	90,000	36,800	2,025,000	164,592	15,394,487
2034	12,713,702	100,000	33,000	2,060,000	123,222	15,029,923
2035	8,853,993	100,000	29,000	2,105,000	78,958	11,166,952
2036	6,351,369	105,000	24,900	1,715,000	36,568	8,232,837
2037	5,927,171	110,000	20,600	715,000	8,509	6,781,280
2038	5,397,944	110,000	16,200			5,524,144
2039	5,243,391	65,000	12,700			5,321,091
2040	3,073,625	65,000	10,100			3,148,725
2041	3,063,650	70,000	7,400			3,141,050
2042	1,486,088	75,000	4,500			1,565,588
2043	1,486,781	75,000	1,500			1,563,281
2044	1,495,409					1,495,409
2045	1,492,425					1,492,425
2046	1,492,550					1,492,550
2047	1,485,775					1,485,775
2048	1,022,234					1,022,234
Total	\$274,043,632	\$1,800,000	\$792,200	\$34,090,000	\$10,604,555	\$321,330,387

NOTE: Columns may not foot due to rounding.

Source: Idaho Bond Bank Authority

- (1) The Authority's Fiscal Year begins July 1 and ends June 30.
- (2) Assumes defeasance of the Refunded Bonds (defined below).

Sources and Uses of Funds

The proceeds of the Series 2021A/B Bonds are to be applied by or on behalf of the Authority to provide Loans to the Participants in the amounts identified in each Participant’s Loan Agreement.

The proceeds of the Series 2021A Bonds are being used to currently refund and redeem certain outstanding bonds of the Series 2021A Participants (the “**Current Refunded Bonds**”) and the proceeds of the Series 2021B Bonds are being used to advance refund and redeem certain outstanding bonds of the Series 2021B Participants and the Authority (the “**Advance Refunded Bonds**”) and collectively with the Current Refunded Bonds, the “**Refunded Bonds**”) described below. The refunding of the Authority Bonds identified below will result in the refunding and redemption of the related Prior Obligations of the 2021B Participants with IBBA Loans. Depending on market conditions on the pricing date and resulting savings available as a result of the refunding, the Authority may refund and redeem all or none of the Refunded Bonds listed in the tables below. The Authority is not obligated to refund any of the Refunded Bonds.

**DETAILS OF THE CURRENT REFUNDING OF THE CITY OF HAZELTON’S
SEWER REVENUE BONDS, SERIES 2008**

<u>Series Designation of Refunded Bonds⁽¹⁾</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Redemption Date</u>	<u>CUSIP</u>
Sewer Revenue Bonds, Series 2008	\$702,375.98	11/17/2039	06/29/2021	N/A
Total	\$702,375.98			

(1) All Refunded Bonds subject to call are callable at a price of par plus accrued interest on the redemption date.

**DETAILS OF THE CURRENT REFUNDING OF THE SHELLEY-FIRTH FIRE PROTECTION DISTRICT’S
GENERAL OBLIGATION BONDS, SERIES 2014**

<u>Series Designation of Refunded Bonds⁽¹⁾</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Redemption Date</u>	<u>CUSIP</u>
General Obligation Bonds, Series 2014	\$1,366,623.11	11/15/2044	06/29/2021	N/A
Total	\$1,366,623.11			

(1) All Refunded Bonds subject to call are callable at a price of par plus accrued interest on the redemption date.

DETAILS OF THE ADVANCE REFUNDING OF AUTHORITY BONDS

<u>Series Designation of Refunded Bonds⁽¹⁾</u>	<u>Maturities</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>CUSIP (451152)</u>
Revenue Bonds, Series 2012D	09/15/2023	\$1,710,000	09/15/2022	TJ1 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2024	1,800,000	09/15/2022	TK8 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2025	1,885,000	09/15/2022	TL6 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2026	1,895,000	09/15/2022	TM4 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2027	1,895,000	09/15/2022	TN2 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2028	1,715,000	09/15/2022	TP7 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2029	1,755,000	09/15/2022	TQ5 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2030 ⁽³⁾	1,440,000	09/15/2022	TR3 ⁽²⁾
Revenue Bonds, Series 2012D	09/15/2032 ⁽³⁾	2,985,000	09/15/2022	TT9
Revenue Bonds, Series 2012D	09/15/2038 ⁽³⁾	2,470,000	09/15/2022	TZ5
Revenue Bonds, Series 2014A	09/15/2024	125,000	03/15/2024	VV1 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2025	130,000	03/15/2024	VW9 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2026	135,000	03/15/2024	VX7 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2027	820,000	03/15/2024	VY5 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2028	855,000	03/15/2024	VZ2 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2029	890,000	03/15/2024	WA6 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2030	925,000	03/15/2024	WB4 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2031	955,000	03/15/2024	WC2 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2032	995,000	03/15/2024	WD0 ⁽²⁾
Revenue Bonds, Series 2014A	09/15/2033	1,035,000	03/15/2024	WE8
Revenue Bonds, Series 2014A	09/15/2034	1,075,000	03/15/2024	WF5
Revenue Bonds, Series 2014A	09/15/2036 ⁽³⁾	2,280,000	03/15/2024	WG3
Revenue Bonds, Series 2014A	09/15/2038 ⁽³⁾	2,470,000	03/15/2024	WH1
Revenue Bonds, Series 2014B-1	09/15/2034 ⁽³⁾	2,220,000	03/15/2024	XD9
Revenue Bonds, Series 2014B-2	09/15/2024 ⁽³⁾	280,000	03/15/2024	XP2
Revenue Bonds, Series 2014B-2	09/15/2029 ⁽³⁾	1,395,000	03/15/2024	XU1
Revenue Bonds, Series 2014C	09/15/2025	590,000	09/15/2024	YG1 ⁽²⁾
Revenue Bonds, Series 2014C	09/15/2026	<u>620,000</u>	09/15/2024	YH9 ⁽²⁾
Total		\$36,945,000		

(1) All Refunded Bonds subject to call are callable at a price of par plus accrued interest on the redemption date.

(2) Because the entire maturities of the Revenue Bonds, Series 2012D, the Revenue Bonds, Series 2014A, and the Revenue Bonds, Series 2014C will not be advanced refunded, there will remain outstanding certain Bonds under these CUSIPs.

(3) Term Bond.

Refunding Plan.

Series 2021A Bonds. At Bond Closing, \$720,695.49 of the net proceeds from the sale of the Series 2021A Bonds will be used to redeem the City of Hazelton's Sewer Revenue Bond, Series 2008 described above, and \$1,392,046.04 of the net proceeds from the sale of the Series 2021A Bonds will be used to redeem the Shelley-Firth Fire Protection District's General Obligation Bond, Series 2014 described above.

Series 2021B Bonds. \$38,952,447.24 of the net proceeds from the sale of the Series 2021B Bonds will be deposited in a taxable escrow fund or account (the "**Series 2021B Escrow Fund**") together with other legally available funds, to purchase

the Series 2021B Escrow Obligations (defined below) to be held by Zions Bancorporation, National Association, as escrow (the “Escrow Agent”) under an escrow agreement (the “Escrow Agreement”), dated as of June 1, 2021, between the Authority and the Escrow Agent, and used to defease and refund the Authority’s Bonds to be advanced refunded as described above. Funds deposited in the Series 2021B Escrow Fund will be used to purchase direct obligations of, or obligations on which the principal and interest are unconditionally guaranteed by the United States of America (the “Series 2021B Escrow Obligations”). The Series 2021B Escrow Obligations will mature at such times and pay interest in such amounts so that, with other available funds held by the Escrow Agent under the Escrow Agreement, sufficient moneys will be available to pay the interest on the Advance Refunded Bonds coming due on and prior to their respective redemption or purchase dates and to pay the redemption price of the Refunded Bonds on their redemption dates.

Causey, Demgen & Moore P.C., independent certified public accountants, will verify the mathematical accuracy of certain computations provided by the Financial Advisor regarding (a) the adequacy of the maturing principal amounts of and interest on the Series 2021B Escrow Obligations, together with any cash deposit, to pay the redemption price of and interest on the Authority’s Advance Refunded Bonds and (b) the actuarial yields on the Series 2021B Bonds and the Series 2021B Escrow Obligations.

The proceeds of the Series 2021A/B Bonds are expected to be applied as follows:

**Series 2021A Bonds
Sources and Uses of Funds**

Sources of Funds	Amount
Par Amount:	\$1,800,000.00
Net Original Issue Premium:	369,949.20
Total Sources of Funds	\$2,169,949.20
Uses of Funds	
Redemption at Bond Closing of the City of Hazelton’s Sewer Revenue Bonds, Series 2008:	\$720,695.49
Redemption at Bond Closing of the Shelley-Firth Fire Protection District’s General Obligation Bonds, Series 2014:	1,392,046.04
IBBA Series 2021A Costs of Issuance:	13,108.40
Borrower Costs of Issuance:	20,850.00
Underwriter’s Discount:	16,862.75
Idaho Bond Bank Authority Administrative Fee:	1,592.20
Rounding Amounts:	4,794.32
Total Uses of Funds:	\$2,169,949.20

**Series 2021B Bonds
Sources and Uses of Funds**

Sources of Funds	Amount
Par Amount:	\$34,090,000.00
Net Original Issue Premium:	5,510,674.00
Prior Debt Service Fund for Lost Rivers Hospital District:	55,000.00
Prior Debt Service Fund for City of Burley (Water):	10,637.19
Prior Debt Service Fund for City of Burley (Sewer):	119,722.38
Prior Debt Service Fund for City of Jerome (Sewer):	173,556.37
Prior Debt Service Fund for City of St. Anthony (Water):	1,214.08
Prior Debt Service Fund for City of St. Anthony (Sewer):	17,673.65
Prior Debt Service Fund for City of Rupert (Water):	8,944.05
Prior Debt Service Fund for City of Rupert (Sewer):	82,454.68
Prior Debt Service Reserve Fund for Lost Rivers Hospital District:	233,944.00
Prior Debt Service Reserve Fund for Jerome (Sewer):	1,312,940.00
Total Sources of Funds	\$41,616,760.40
Uses of Funds	
Deposit to Series 2021B Escrow Fund to refund Advanced Refunded Bonds:	\$40,749,851.89
IBBA Costs of Issuance:	193,646.60
Borrower Costs of Issuance:	230,983.50
Underwriter's Discount:	116,186.25
Idaho Bond Bank Authority Administrative Fee:	40,874.01
Debt Service Reserve Fund Surety:	64,777.50
Debt Service Reserve Fund:	218,681.75
Rounding Amounts:	1,758.90
Total Uses of Funds:	\$41,616,760.40

The Trustee

The Authority has appointed Zions Bancorporation, National Association, a national banking association organized under the laws of the United States, to serve as Trustee for the Series 2021A/B Bonds, which replaced The Bank of New York Mellon Trust Company, N.A., which replaced U.S. Bank National Association as Trustee. The Trustee is to carry out those duties assignable to and accepted by it under the Trust Agreement. Except for the contents of this section and the description of the Trustee's responsibilities under the Trust Agreement, the Trustee has not reviewed or participated in the preparation of this Official Statement and does not assume any responsibility for the nature, completeness, contents or accuracy of the Official Statement.

The Trustee has no oversight responsibility and is not accountable for the use or application by the Authority of any of the Series 2021A/B Bonds authenticated or delivered pursuant to the Trust Agreement or for the use or application of the proceeds of such Series 2021A/B Bonds by the Authority. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2020A/B Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets pledged or assigned as security for the Series 2021A/B Bonds, the technical or financial feasibility of the Project, or the investment quality of the Series 2021A/B Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

Additional information about the Trustee and its services may be found at the Trustee's website at www.zionsbank.com/business-banking/other-banking-services/corporate-trust/. The Trustee's website is not incorporated into this Official Statement by such reference and is not a part hereof.

Book-Entry Registration

The Series 2021A/B Bonds are issuable in fully registered form and, when issued, will be registered in the name of Cede & Co.

as Bond Owner and as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2021A/B Bonds. Individual purchases and sales of the Series 2021A/B Bonds may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers (“Beneficial Owners”) will not receive certificates representing their interest in the Series 2021A/B Bonds.

The ownership of one fully registered certificate for each maturity of the Series 2021A/B Bonds, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of the Series 2021A/B Bonds of such maturity, will be registered in the name of Cede & Co., as nominee for DTC.

The principal of and premium, if any, and interest on the Series 2021A/B Bonds will be payable by the Trustee to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, which, in turn, will be obligated to remit such principal, premium and interest to its participants for subsequent disbursement to the Beneficial Owners of the Series 2021A/B Bonds, as further described in **Appendix C** attached hereto.

Notwithstanding any other provision to the contrary, so long as all Series 2021A/B Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Series 2021A/B Bonds and all notices with respect to each such Series 2021A/B Bonds shall be made and given, respectively, to DTC as provided in or pursuant to the Representation Letter.

Procedure in the Event of Discontinuation of Book-Entry Transfer System

In the event that the Authority determines that the Series 2021A/B Bonds should not be maintained in book-entry form, the Trustee shall, upon the written instruction of the Authority, notify DTC, whereupon DTC shall notify the Bond Owner of the availability through DTC of bond certificates. In such event, the Series 2021A/B Bonds will be transferable upon receipt by the Trustee from the registered owner thereof of the Series 2021A/B Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee. If at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the Series 2021A/B Bonds. If the Series 2021A/B Bonds cease to be in book-entry only form, the Trustee is required to mail by first class mail, postage prepaid, each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Bond Owners (see **Appendix A**) as they appear on the Series 2021A/B Bonds register as of the Record Date; provided, however, that interest on any Series of Bonds shall be paid by wire transfer or other means to provide immediately available funds to any Bond Owner of at least \$1,000,000 in aggregate principal amount of such Series of Bonds, at its option, according to wire instructions given to the Trustee in writing for such purpose and on file prior to the applicable Record Date preceding the Interest Payment Date. Principal of each Series 2021A/B Bonds shall be paid only on or after the stated maturity date thereof or date fixed for earlier prepayment thereof, and then only upon presentation and surrender of such Series 2021A/B Bonds to the Trustee at its corporate trust operations office in Seattle, Washington.

Any Series 2021A/B Bonds may, in accordance with its terms, be transferred by the person in whose name it is registered in the books required to be kept by the Trustee upon surrender of such Series 2021A/B Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Series 2021A/B Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Series 2021A/B Bonds and maturity for a like aggregate principal amount in \$5,000 denominations or integral multiples thereof. The Trustee shall require the payment by the Series 2021A/B Bonds Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

Description of the Series 2021A/B Bonds

Authority for Issuance and Use of Proceeds of the Series 2021A/B Bonds

An authorizing resolution was approved by the governing body of the Authority (the “**Bond Resolution**”) on May 27, 2021.

The Bond Resolution authorizes the Authority to execute loan agreements with the Participants, each dated as of June 1, 2021 (collectively, the “**Loan Agreements**”). The Loan Agreements and the Municipal Bonds for the Lost Rivers Hospital District and the Shelley-Firth Fire Protection District are payable from *ad valorem* property tax levies; the Loan Agreements and the Municipal Bonds for the City of Burley, the City of Hazelton, the City of Jerome, the City of Rupert, and the City of St. Anthony are secured by System Net Revenues. See “**Loan Agreement for the Series 2021A/B Bonds**” herein.

The proceeds of the Series 2021A/B Bond are to be applied by the Authority to acquire the Loans of the Participants evidenced by each Participant’s Municipal Bond. Interest and principal payments due on each Participant’s Municipal Bond will equal the

interest components and principal components of such Participant's Loan Agreement with the Authority (“**Repayment Installments**”).

Security and Sources of Payment of the Series 2021A/B Bonds

The Bonds, including the Series 2021A/B Bonds, are limited obligations of the Authority and the Repayment Installments are payable solely from (i) all amounts payable to the Authority pursuant to all Loan Agreements for all Authority Bonds (collectively, the “**IBBA Loan Agreements**”) and moneys intercepted by the Authority from moneys due to all Authority Participants (collectively, the “**IBBA Participants**”) from the State pursuant to Section 67-8727, Idaho Code (the “**State Intercept**”) to the extent such funds are lawfully available in accordance with Idaho Code 67-8725(2)(b); (ii) all investment earnings on amounts held by the Trustee pursuant to the Trust Agreement; (iii) State Sales Tax Revenues (as defined below and in Appendix A hereto); and (iv) all other moneys received by the Authority and designated by the Authority as Revenues (collectively, the “**Revenues**”). All of the Bonds, including the Series 2021A/B Bonds, are equally secured by a pledge of and charge and lien upon the Revenues, and in trust as security for the payment of the interest on and principal of and redemption premiums, if any, on the Series 2021A/B Bonds as provided under the Trust Agreement. This pledge constitutes a pledge of and charge and lien upon the Revenues on a parity with Funded Debt of the Authority, if any, as defined herein, and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund) for the payment of the interest on and principal of the Bonds, including the Series 2021A/B Bonds. The pledge of and charge and lien upon State Sales Tax Revenues, however, is subordinate to certain State tax anticipation notes issued pursuant to Section 63-3202, Idaho Code, as amended. See “**SECURITY FOR THE SERIES 2021A/B Bonds– State Sales Tax Account**” and “**APPENDIX A – Definitions**” herein.

In this Official Statement, the term “**State Sales Tax Moneys**” refers to money collected by the State pursuant to the Sales Tax Act. The term “**State Sales Tax Revenues**” refers to moneys transferred to the Authority as provided in the Sales Tax Act and the Act in the event of a failure by Participant to pay its Loan when due and the failure of the State Intercept described below, if applicable.

State Revenues Intercept. The IBBA Loan Agreements for the IBBA Participants require interception of revenues collected by the State and distributed to the IBBA Participants under certain circumstances. In this case, such intercepted revenues are pledged as additional security for the Bonds, including the Series 2021A/B Bonds. See “**STATE SALES TAX ACCOUNT**” and “**STATE INTERCEPT PAYMENTS**” herein.

The Series 2021A/B Bonds are not a debt of the State or any of its political subdivisions, and neither the State nor any of its political subdivisions is liable thereon, nor in any event shall the Series 2021A/B Bonds be payable out of any funds or properties other than those of the Authority as provided under the Trust Agreement and the Act. The Series 2021A/B Bonds do not constitute indebtedness within the meaning of any constitutional or statutory limitation or restriction. The Loans, however, funded by the Series 2021A/B Bonds, do constitute indebtedness of each Participant within the meaning of constitutional and statutory limitations or restrictions.

Loan Agreements for the Series 2021A/B Bonds

Loan Agreement – Municipal Bond Payable from Levy of Ad Valorem General Property Taxes. The Municipal Bonds of the Lost Rivers Hospital District and the Shelley-Firth Fire Protection District are payable from *Ad Valorem* property taxes. Substantially final forms of the Loan Agreement are set forth in **Appendix E-2** hereto. A brief summary thereof is set forth below:

Bond Fund. Each Participant whose Loan Agreement and Municipal Bond are payable from *ad valorem* property taxes is required under the terms of its Loan Agreement to levy on all taxable property in the Participant's boundaries, in addition to all other taxes, a direct annual *ad valorem* tax in an amount sufficient, together with other available funds, to meet the payment of the Repayment Installments as the same mature and other amounts due under the Loan Agreement so long as any Repayment Installments remain unpaid. Upon collection, said taxes are required to be placed in a special fund created under the Participant's ordinance or resolution (the “**Bond Fund**”) and held by the Participant and shall be used for no other purpose than for the payment of the Repayment Installments as the same become due, so long as any of the Repayment Installments remain outstanding and unpaid. Pursuant to an Amended and Restated Custody and Disbursement Agreement between Lost Rivers Hospital District and Zions Bancorporation, National Association, as Custodian to be entered prior to the issuance of the Series 2021A/B Bonds, *ad valorem* property taxes levied and collected for the payment of the Repayment Installments are deposited to the Custody Account created thereunder and used for no other purpose than for the payment of the Repayment Installments as the same become due.

Repayment Installments falling due at any time when the proceeds of such tax levy may not be available are required under the Loan Agreement to be paid from other funds of the Participant and are reimbursable from the proceeds of said taxes upon collection.

In addition, each Participant whose Loan Agreement and Municipal Bond are payable from *ad valorem* property taxes, agrees as follows:

Repayment Installments Paid with Participant Funds. Repayment Installments falling due at any time when the proceeds of said tax levy may not be available shall be paid from other funds of the Participants and shall be reimbursed from the proceeds of said taxes when said taxes shall have been collected.

Full Faith and Credit Pledge. The full faith and credit and the proceeds of the special taxes levied upon all taxable property in the area of the Participant are pledged for the prompt payment of the Repayment Installments and other amounts due.

Levy of Taxes. The Participant shall levy on all taxable property in the Municipality, in addition to all other taxes, a direct annual *ad valorem* tax in an amount sufficient, together with other available funds, to meet the payment of the Repayment Installments, each year until Repayment Installments and other amounts due hereunder.

Participants are not required to have a debt service reserve fund since it has pledged its full faith and credit in an *ad valorem* general obligation bond tax levy. Except for the Lost River Hospital District, which is required to maintain a debt reserve fund in the amount of \$218,681.75, which is equal to fifty percent (50%) of the maximum annual debt service on its respective Loan.

Other Provisions of Loan Agreement. The Participant understands that the State Intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, will provide funds to pay the respective Series 2021A/B Bonds, not the Loan obligations. If any interceptable funds are used to pay the respective Series 2021A/B Bonds, this does not satisfy the requirement to pay the loan obligation to the Authority.

Repayment Installments. The Participant covenants and agrees to pay to the Trustee the Repayment Installments and any other amounts then due on the Loan to the Authority at least fifteen (15) days prior to the Repayment Installment Dates.

Loan Agreement – Municipal Bonds Payable from System Net Revenues. The Municipal Bonds of the City of Burley, the City of Hazelton, the City of Jerome, the City of Rupert, and the City of St. Anthony are payable from System Net Revenues. Substantially final forms of the Loan Agreements are set forth in **Appendix E-3** hereto. A brief summary thereof is set forth below:

Income Fund. Each Participant, whose Loan Agreement and Municipal Bond is payable from System Net Revenues, is required under the terms of its Loan Agreement to agree and covenant that all System Revenues shall be received by the Participant in trust and deposited when and as received in a special fund designated as the “**Income Fund**,” which fund is required to be maintained and held separate and apart from other funds of such Participant so long as any Repayment Installments remain unpaid. To the extent the Participant has an existing fund which satisfies these requirements then such shall be deemed to be the Income Fund. The Participant may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in Permitted Investments.

All System Net Revenues are irrevocably pledged to the payment of the Repayment Installments and the System Net Revenues shall not be used for any other purpose while any of the Repayment Installments remain unpaid; provided that (i) any Prior Obligations shall be paid on parity with the Repayment Installments, and (ii) out of the System Revenues there may be apportioned such sums for such purposes as are expressly permitted by the Loan Agreements. The Participants’ obligations to pay Repayment Installments and all other Parity Debt, when due, constitute a first lien on System Net Revenues.

Each Participant shall, from the moneys in the Income Fund, pay the Operation and Maintenance Costs, including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required, as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Participant at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in

each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth below:

First, for Repayment Installments. Not later than 15 days prior to the date that each Repayment Installment is due (the “**Repayment Installment Date**”), the Participant shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Participant shall also, from the moneys in the Income Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Debt.

Second, for Surplus. Moneys on deposit in the Participant’s Income Fund not necessary to make any Repayment Installments or other Parity Obligation Payments may be expended by the Participant at any time for any purpose permitted by law.

Reserve Fund. The City of Burley with respect to its Water Revenue Loan, the City of Hazelton, the City of Jerome, the City of Rupert with respect to its Water Revenue Loan, and the City of St. Anthony each qualify for a waiver of the debt reserve fund requirement as a result of debt service coverage from System Net Revenues, as herein defined, in excess of 1.50 times debt service on the Municipal Bonds. If such Participant’s debt service coverage from System Net Revenues falls below 1.50 times at a point after its Loan has been issued, such Participant will be required to establish a reserve fund and to meet the Reserve Requirement as provided in the Loan Agreement. The City of Burley for its Sewer Revenue Loan and the City of Rupert for its Sewer Revenue Loan are each required to maintain a debt service reserve fund equal to the lesser of 10% of the outstanding principal balance of their respective Loans, the Maximum Annual Debt Service on their respective Loans or 125% of the average annual debt service on their respective Loans.

Revenue Pledge. The System Net Revenues, as herein defined, are pledged by the Participants with System Net Revenues for the prompt payment of the Repayment Installments and other amounts due.

Other Provisions of Loan Agreement. The Participants understand that the State Intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, will provide funds to pay the respective Series 2021A/B Bonds, not the Loan obligations. If interceptable funds are used to pay the respective Series 2021A/B Bonds, this does not satisfy the requirement to pay the loan obligation to the Authority.

Repayment Installments. The Participants covenant and agree to pay to the Trustee the Repayment Installments and any other amounts then due on the Loans to the Authority at least fifteen (15) days prior to the Repayment Installment Dates.

NO PARTICIPANT IS REQUIRED TO PAY ANY PORTION OF ANY OTHER PARTICIPANT’S REPAYMENT INSTALLMENTS, RESERVE REQUIREMENT OR OTHER OBLIGATION UNDER A LOAN AGREEMENT.

Redemption Provisions of the Series 2021A/B Bonds

Optional Redemption.

Series 2021A Bonds. The Series 2021A Bonds maturing prior to September 15, 2031, are not subject to optional redemption. The Series 2021A Bonds maturing on and after September 15, 2032, are subject to optional redemption prior to maturity at the written direction of the Authority, from any moneys deposited by the Authority, as a whole or in part on any date on or after September 15, 2031, and among such maturities as are designated by the Authority to the Trustee, at the Redemption Price of par, plus accrued interest, if any, to the date of redemption.

Series 2021B Bonds. The Series 2021B Bonds maturing prior to September 15, 2031, are not subject to optional redemption. The Series 2021B Bonds maturing on and after September 15, 2032, are subject to optional redemption prior to maturity at the written direction of the Authority, from any moneys deposited by the Authority, as a whole or in part on any date on or after September 15, 2031, and among such maturities as are designated by the Authority to the Trustee, at the Redemption Price of par plus accrued interest to the date of redemption.

The Series 2021B Bonds are subject to redemption prior to the optional redemption date described above, at the option of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at a redemption price described below (the “Make-Whole Redemption Price”) with the Series 2021B Bonds selected for redemption

based on a “Pro Rata Pass-Through Distributions of Principal” basis, as described below.

The Make-Whole Redemption Price is equal to the greater of (1) 100% of the principal amount of the Series 2021B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2021B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date of which the Series 2021B Bonds are to be redeemed, discounted to the date on which the Series 2021B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points (0.15%); plus, in each case, accrued interest on the Series 2021B Bonds to be redeemed to the date on which the Series 2021B Bonds are to be redeemed.

“Business Day” means any day, other than a Saturday or Sunday, and other than a day on which the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Certificate, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Series 2021B Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Certificate to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Certificate, (A) the average of the applicable Reference Treasury Deal Quotations for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Series 2021B Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers as designated by the Authority.

“Reference Treasury Dealer” means each of four firms, as designated by the Authority, and their respective successors; provided, however, that if any of them ceases to be a “Primary Treasury Dealer” (defined as a primary U.S. Government securities dealer in the City of New York), the Authority will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2021B Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Authority, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Certificate, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second Business Day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

Loan Prepayment. As provided in the Loan Agreement, each Participant may prepay its Repayment Installments at the times the respective Series 2021A/B Bonds may be redeemed. The principal and interest component of the Repayment Installments to be prepaid by each Participant is required to correspond in amount and maturity dates of the respective Series 2021A/B Bonds. Under no circumstances may a Participant prepay its Repayment Installments prior to the optional redemption dates associated with the respective Series 2021A/B Bonds, as described in each Participant’s Loan Agreement.

Selection of Series 2021A/B Bonds for Redemption. If fewer than all of the 2021A/B Bonds are to be optionally redeemed prior to maturity, the Trustee, upon written direction of the Authority, will redeem bonds within such maturities as are designated by the Authority to the Trustee.

Mandatory Redemption.

Series 2021A Bonds. The Term Bond for the Series 2021A Bonds stated to mature on September 15, 2036, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

<u>Year</u> <u>(September 15)</u>	<u>Amount</u>
2032	\$90,000
2033	100,000
2034	100,000
2035	105,000
2036*	110,000

*Final maturity.

Series 2021A Bonds. The Term Bond for the Series 2021A Bonds stated to mature on September 15, 2042, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

<u>Year</u> <u>(September 15)</u>	<u>Amount</u>
2037	\$110,000
2038	65,000
2039	65,000
2040	70,000
2041	75,000
2042*	75,000

*Final maturity.

Notice of Redemption. Notice of redemption shall be mailed to the Bond Owner by first-class mail by the Trustee, not less than 30 nor more than 60 days prior to the redemption date, to (i) the respective Owners of the Series 2021A/B Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Each notice of redemption shall state that on said date there will become due and payable on each of said Series 2021A/B Bonds the redemption price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2021A/B Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect in such notice shall not invalidate any of the proceedings taken in connection with such redemption.

Conditional Redemption. Any notice of optional redemption to the Registrar or to the Bond Owners may state that the optional redemption is conditional upon receipt by the Registrar of moneys sufficient to pay the redemption price of such Series 2021A/B Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Registrar to affected Bond Owners as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Continuing Disclosure

Securities and Exchange Commission Rule 15c2-12 (the “**Rule**”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Series 2021A/B Bonds. Pursuant to the Rule, the Authority has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System (“**EMMA**”) at www.emma.msrb.org (the “**Repository**”), audited financial information of the Authority and certain supplemental financial information including information regarding the State Sales Tax Revenues and balances in the Surplus Fund and the Revenue Fund (the “**Supplemental Information**”). In addition, the Authority has agreed to provide, or cause to be provided, to the Repository, notice of certain events, pursuant to the requirements of Section (b)(5)(i) of the Rule.

The Authority has adopted continuing disclosure policies (the “**Policies**”) which provide procedures for compliance with the continuing disclosure provisions of the Rule and for reporting to EMMA as provided in the Rule and the Continuing Disclosure Agreement (defined below) as well as for annual training for Authority staff involved in continuing disclosure reporting under

the Rule. Under the Policies, the Treasurer of the Authority with the assistance of a dissemination agent has been assigned responsibility to assure that future continuing disclosure filings are done on a timely basis. Included in the Policies are provisions for determining whether a Participant's payments on all of its Municipal Bond obligations, based on the revenue pledged therefor as a percentage of the total Revenues pledged for the Authority's Bonds, exceeds 10% (the "10% Test") and thereby the Participant constitutes an "obligated person" under the Rule. If a Participant is or becomes an "obligated person," then it will be required to execute an undertaking to comply with the continuing disclosure requirements of the Rule and to file its annual report with EMMA. There are currently no IBBA Participants that meet the 10% Test, and the Authority anticipates that the Participants under the Series 2021A/B Bonds will not meet the 10% Test, which will be confirmed at pricing the Series 2021A/B Bonds, and therefore, the Authority anticipates that at the time of closing there will be no IBBA Participants that are "obligated persons."

The form of the Continuing Disclosure Agreement between the Authority and the Trustee as dissemination agent is included in **Appendix D**, attached hereto (the "Continuing Disclosure Agreement").

Prior to the Series 2014C Bonds, IBBA Participants, though not then designated as "obligated persons" under the Rule, were required pursuant to their loan agreements with the Authority to provide certain financial information to EMMA in an effort to provide additional disclosure regarding the Authority's program. Now in order to facilitate the Authority's administration of Participant reporting and compliance, only IBBA Participants who meet the 10% Test and are therefore "obligated persons" are required to enter into a continuing disclosure undertaking, provided that the IBBA Participants in prior Bond issues will continue to be required to honor their undertakings. Although there have been late filings by some of these IBBA Participants in prior Authority Bond issues, the Authority does not believe those to be material in view of the fact that these IBBA Participants did not and still do not meet the 10% Test. See the chart at the back of **Appendix F** hereto which sets forth the record of late filings by IBBA Participants in prior Authority Bond issues.

Although the Authority has not concluded that any of these instances of noncompliance were material to the market, the Authority participated in the SEC's Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC Initiative"). On March 3, 2017, the SEC notified the Authority that it had concluded review of the information provided and did not intend to recommend any enforcement action by the Commission against the Authority.

The Authority has developed additional procedures in the Policy to help ensure that its continuing disclosure obligations are complied with in all material respects. The Authority is currently in compliance in all material respects with each of its previous continuing disclosure undertakings for the previous five (5) years. The Authority extended its 2020 EMMA submissions, which were timely filed on or by December 27, 2020, to additional CUSIPs for its Series 2004A Bonds after the filing deadline on June 3, 2021.

A failure by the Authority or any "obligated person" to comply with a continuing disclosure undertaking as set forth in the Continuing Disclosure Agreement will not constitute an event of default under the Trust Agreement. Owners of the Series 2021A/B Bonds may be limited to the remedies described in the respective Trust Agreement. A failure by the Authority to comply with a continuing disclosure undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2021A/B Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2021A/B Bonds and their market price.

Security for the Series 2021A/B Bonds

General

The Bonds including the Series 2021A/B Bonds are limited obligations of the Authority and the interest thereon, principal thereof and premiums, if any, are payable solely from the amounts shown below (collectively, the "Revenues"):

- (i) all amounts payable to the Authority pursuant to IBBA Loan Agreements, for all Bonds, including interceptable revenues from the State as applicable,
- (ii) all investment earnings on amounts held by the Trustee pursuant to the Trust Agreement,
- (iii) State Sales Tax Revenues, and
- (iv) all other moneys received by the Authority and designated by the Authority as Revenues.

The pledge in Section 67-8716(4), Idaho Code, provides that the State will not alter or limit the pledge of State Sales Tax Revenues from the sales tax account of the State (the "Sales Tax Account") until the Bonds, including the Series 2021A/B

Bonds, are paid in full. All of the Bonds, including the Series 2021A/B Bonds, are equally secured by a pledge of and charge and lien upon the Revenues, and in trust as security for the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, including the Series 2021A/B Bonds, as provided under the Trust Agreement. This pledge shall constitute a pledge of and charge and lien upon the Revenues on parity with all indebtedness of the Authority secured by any pledge, lien, security interest, encumbrance or charge of any kind on or in all or any part of the Revenues which is equal and ratable to the lien of the Trust Agreement on or in such Revenues or Funded Debt, if any, and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund) for the payment of the interest on and principal of the Bonds, including the Series 2021A/B Bonds. The pledge of and charge and lien upon State Sales Tax Revenues, however, is subordinate to certain State tax anticipation notes currently outstanding or subsequently issued pursuant to Section 63-3202, Idaho Code. See “**APPENDIX E –TRUST AGREEMENT, FORM SUPPLEMENTAL TRUST AGREEMENT AND FORM OF LOAN AGREEMENTS**” attached hereto.

THE SERIES 2021A/B BONDS ARE NOT A DEBT OF THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON, NOR IN ANY EVENT SHALL THE SERIES 2021A/B BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS PROVIDED UNDER THE TRUST AGREEMENT AND THE ACT. THE SERIES 2021A/B BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE LOAN, HOWEVER, FUNDED BY THE SERIES 2021A/B BONDS DOES CONSTITUTE INDEBTEDNESS OF THE PARTICIPANT WITHIN THE MEANING OF CONSTITUTIONAL AND STATUTORY LIMITATIONS OR RESTRICTIONS.

PURSUANT TO SECTION 67-8724 OF THE ACT, THE STATE HAS PLEDGED NOT TO IMPAIR BONDHOLDER RIGHTS UNDER SECTION 67-8724 OF THE ACT. THE STATE ALSO PLEDGES AND AGREES WITH THE OWNERS OF THE BONDS, PURSUANT TO SECTION 67-8724 OF THE IDAHO CODE, THAT THE STATE WILL NOT LIMIT OR ALTER THE RIGHTS VESTED IN THE AUTHORITY BY THE ACT TO FULFILL THE TERMS OF ANY AGREEMENTS MADE WITH SUCH OWNERS, OR IN ANY WAY IMPAIR THE SECURITY, RIGHTS OR REMEDIES OF THE OWNERS OF THE BONDS UNTIL THE BONDS, TOGETHER WITH INTEREST THEREON, ARE FULLY PAID AND DISCHARGED. THE STATE PLEDGES TO AND AGREES WITH THE OWNERS OF THE BONDS THAT THE STATE WILL NOT ALTER, IMPAIR OR LIMIT THE RIGHTS VESTED BY THE SALES TAX ACCOUNT PLEDGE PROVIDED IN SECTIONS 67-8716 AND 63-3638, IDAHO CODE, WITH RESPECT TO THE BONDS UNTIL THE BONDS, TOGETHER WITH APPLICABLE INTEREST, ARE FULLY PAID AND DISCHARGED. THE AUTHORITY IS AUTHORIZED TO INCLUDE THIS PLEDGE AND AGREEMENT IN ANY INDENTURE, TRUST AGREEMENT OR OTHER AGREEMENT WITH THE HOLDERS OF SUCH BONDS. THIS PLEDGE HAS BEEN INCLUDED IN THE TRUST AGREEMENT.

Additional Bonds

Additional Bonds may be issued by the Authority under and pursuant to the Trust Agreement and subject to the conditions set forth therein. See “**APPENDIX E —TRUST AGREEMENT, FORM SUPPLEMENTAL TRUST AGREEMENT AND FORM OF LOAN AGREEMENTS.**”

Funded Debt

Funded Debt, which is debt of the Authority secured by a pledge, lien, security interest, encumbrance or charge of any kind on or in all or any part of the Revenues, which is equal and ratable to the lien of the Trust Agreement on or in such Revenues, may be issued by the Authority under and pursuant to the Trust Agreement and subject to the conditions set forth therein. See “**APPENDIX E —TRUST AGREEMENT, FORM SUPPLEMENTAL TRUST AGREEMENT AND FORM OF LOAN AGREEMENTS.**”

Flow of Funds

All money in each of the accounts held in trust by the Trustee is required by the Trust Agreement to be applied, used and withdrawn only for the purposes outlined below.

At least 15 days before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money sufficient to pay the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date. No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Series 2021A/B Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Series 2021A/B Bonds on such Interest Payment Date.

At least 15 days before each September 15, commencing September 15, 2021, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the principal amount of all Series 2021A/B Bonds maturing on such September 15. No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Series 2021A/B Bonds is at least equal to the aggregate amount of the principal of all Series 2021A/B Bonds maturing on such September 15.

The Trustee shall withdraw from the Revenue Fund and deposit in the Subordinated Indebtedness Fund the amount, if any, required to be deposited therein pursuant to each Subordinated Indebtedness Trust Agreement to pay the principal, redemption price, and purchase price of, and interest on, Subordinated Indebtedness, if any, which will accrue to the end of such month, and any amounts required to replenish any reserve fund with respect to such Subordinated Indebtedness, in such amounts as shall be specified in a written request signed by an Authorized Representative. Currently, there is no Subordinated Indebtedness of the Authority.

On June 30 of each year, after making the required deposits into the Interest Account, Principal Account and Subordinated Indebtedness Fund, the Trustee may withdraw from the Revenue Fund and transfer to the Authority for deposit in the Surplus Fund the balance, if any, of moneys remaining in the Revenue Fund.

If on any date the amount in the Revenue Fund shall be less than the requirement of such Revenue Fund, and there shall not be on deposit in the Surplus Fund available moneys sufficient to cure any such deficiency, then the Trustee shall withdraw from the Subordinated Indebtedness Fund, if any, and deposit in the Revenue Fund the amount necessary (or all the moneys in the Subordinated Indebtedness Fund, if less than the amount required) to make up any such deficiency.

If on any date the amount in the Revenue Fund shall be less than the requirement of such Revenue Fund or the amount in the Subordinated Indebtedness Fund shall be less than the requirement of such Subordinated Indebtedness Fund, then the Authority shall transfer to the Trustee from the Surplus Fund; first to the Revenue Fund, second to the Subordinated Indebtedness Fund, and third to the Rebate Fund, as the case may be, the amount necessary (or all the moneys in the Surplus Fund if less than the amount necessary) to make up any such deficiency.

State Sales Tax Revenues

Pledge. The State Sales Tax Revenues are part of the Trust Estate pledged to the repayment of principal and interest on the Series 2021A/B Bonds. The State Sales Tax Revenues are comprised of retail sales taxes and taxes on rentals of tangible personal property, admission fees and fees for recreation or hotel/motel rooms of up through 30 days. Use tax applies if sales tax was not paid at the point of purchase. Exemptions include utilities, motor fuels, prescription drugs, tangible personal property used in manufacturing, farming, processing, mining and fabricating. Pursuant to Section 63-3638, Idaho Code, the State Sales Tax Revenues are distributed in the following manner. Sales tax distributed to the State Refund Account sufficient to pay current refund claims. Approximately 11.5% of the gross sales tax collections (less refunds) are distributed to local government (“revenue sharing”). Prior to July 1, 2021, the Transportation Expansion and Congestion Mitigation Fund receives 1.0% of the amount remaining after revenue sharing. On and after July 1, 2021, the Transportation Expansion and Congestion Mitigation Fund receives 4.50% of the amount remaining after revenue sharing. The Permanent Building Fund is allocated \$5,000,000. The Water Pollution Control Fund receives \$4,800,000. Another \$8,487,103 funds the Agricultural Equipment Property Tax Exemption, and \$18,852,109 is dedicated to Personal Property Tax Relief. Other distributions are made to fund the Demonstration Pilot Project and Election Consolidation. All the remaining revenue accrues to the State’s General Fund. As discussed below, under certain conditions, State Sales Tax Revenues are authorized to be used to make payments on the Series 2021A/B Bonds. Although the State may pass future legislation to amend the distribution of State Sales Tax Revenues, the State, pursuant to Sections 67-8716(4) and 67-8724 of the Act, pledges to and agrees with the holders of the Outstanding Bonds that the State will not alter, impair, or limit the rights vested by the pledge of the State Sales Tax Revenues with respect to the Outstanding Bonds until the Outstanding Bonds, together with applicable interest, are fully paid and discharged.

In the event a Participant fails to make Repayment Installment Payments sufficient to make full payment of principal of and interest on the respective Series 2021A/B Bonds by the 10th day prior to the Payment Date of the respective Series 2021A/B Bonds, the Trustee is required to notify the Authority and State Treasurer, who shall intercept payments under the State Intercept (see “State Intercept Payments” herein), and if the State Intercept is insufficient to satisfy the full payment of principal and interest on the respective Series 2021A/B Bonds, the State Treasurer is required, pursuant to Section 67-8727(1)(e)(ii)(A) of the Act, to give notice to the Idaho State Tax Commission (the “**Tax Commission**”) and pursuant to Section 67-8716 (2) of the Act to give notice to the State Controller, certifying the amount of the deficiency, at least five (5) days prior to the Payment Date of the respective Series 2021A/B Bonds. After receipt of the certified notice from the State Treasurer, the State Controller shall, pursuant to the Act: (i) immediately fix the amount necessary and in the amount of the deficiency stated in the notice; and (ii) cause State sales tax receipts in the State general fund as defined in Section 67-1205, Idaho Code (“General Fund”) to be transferred from the General Fund and deposited in the Bond Bank Authority Fund established in the State Treasury under

Section 67-8716(1), Idaho Code as amended and used to pay debt service on the respective Series 2021A/B Bonds; *provided however*, that the transfer of such sales tax moneys under the provisions of Section 67-8716 of the Act, shall not impede or otherwise limit the payment of sales tax moneys pledged for the payment on tax anticipation notes issued by the State pursuant to Section 63-3202, Idaho Code. See “**Senior Liens on State Sales Tax Money**” below.

Moneys transferred from State sales tax receipts to the Bond Bank Authority Fund shall be transferred to the Trustee and deposited in the Revenue Fund for the respective Series 2021A/B Bonds until there are sufficient amounts on deposit to pay principal of and interest on the respective Series 2021A/B Bonds on the Payment Date, and payments from the Municipality shall be transmitted to the State for reimbursement of any moneys transferred from the State sales tax receipts in the General Fund pursuant to Section 67-8716, Idaho Code, together with any interest or penalties established pursuant to Section 67-8725, Idaho Code.

As of the date of this Official Statement, the following outstanding revenue bonds of the Authority are on parity with the Series 2021A/B Bonds with respect to the pledge of the State Sales Tax Revenue: the Series 2004A Bonds, the Series 2008D Bonds, the Series 2009C Bonds, the Series 2010A Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, the Series 2012D Bonds, the Series 2013A Bonds, the Series 2013B Bonds, the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, the Series 2018A Bonds, the Series 2020A Bonds, and the Series 2021B Bonds.

Appendix F attached hereto summarizes the IBBA Loans including the original amount of each IBBA Loan, the balance outstanding on each as of September 15, 2020, the percentage of each of the total principal amounts of all of the IBBA Loans relating to the IBBA Loan Agreements, the percentage of each IBBA Loan’s payment amounts of the total available to pay debt service, the final maturity date of each, the payment for Fiscal Year 2021 of each, the percentage of each of total payment for the Outstanding Bonds for Fiscal Year 2021 and Pledged Revenues related to each IBBA Loan Agreement.

Rates and Receipts. Sales tax rates since inception of the tax have been as follows:

Historical State Sales Tax Rates

Dates	Rate
October 1, 2006 – present	6.00% ⁽¹⁾
July 1, 2005 -- September 30, 2006	5.00 ⁽²⁾
May 1, 2003 -- June 30, 2005	6.00 ⁽²⁾
April 1, 1986 -- April 30, 2003	5.00
July 1, 1984 -- March 31, 1986	4.00
June 1, 1983 -- June 30, 1984	4.50
March 1, 1983 -- May 31, 1983	4.00
July 1, 1965 -- February 28, 1983	3.00

Source: Idaho State Treasurer’s Office.

(1) In a special session of the Idaho State Legislature in August 2006, the School Maintenance and Operation Levy (the “**M&O Levy**”) that supported public school districts was replaced with a one percent increase to the State’s sales tax, effective October 1, 2006, raising the sales tax rate to 6 percent from 5 percent.

(2) The 2003 Economic Recovery and Stabilization Act increased the sales tax from 5 percent to 6 percent for the period May 1, 2003 through June 30, 2005. The sales tax returned to 5 percent on July 1, 2005.

The following table lists the annual amount of purchases that are subject to Idaho’s sales tax over the past ten (10) years:

**State of Idaho
Taxable Sales and Use Tax Sales (\$000)**

Calendar Year	Amount	% Change
2020	\$37,188,653	12.18%
2019	33,152,202	8.36
2018	30,594,716	7.37
2017	28,493,784	6.65
2016	26,717,749	6.67
2015	25,046,969	7.06
2014	23,396,213	4.66
2013	22,355,235	7.79
2012	20,739,868	-1.00
2011	20,949,446	15.57

Source: Idaho State Tax Commission Reports.

The Tax Commission collects and audits State sales tax receipts. State sales taxes are received by the State on the 20th day of each month unless the amount is less than \$500, in which case it is received quarterly. Total annual sales taxes received by the State of Idaho for the past ten years, are shown in the following table:

Historical State Sales Tax Receipts

Fiscal Year Ended June 30	Sales Tax Receipts	% Change from Prior Year
2020	\$2,107,259,000	10.96%
2019	1,899,088,000	5.19
2018	1,805,363,000	10.34
2017	1,631,295,000	3.21
2016	1,580,542,000	9.40
2015	1,444,781,000	3.16
2014	1,400,547,000	6.51
2013	1,315,002,000	8.35
2012	1,213,623,000	4.17
2011	1,165,095,000	3.38

Source: State of Idaho Comprehensive Annual Financial Report.

Senior Liens on State Sales Tax Moneys. From time to time, the State issues tax anticipation notes for cash flow purposes. Pursuant to Chapter 32, Title 63 of the Idaho Code, the State may borrow moneys in anticipation of general tax revenues (i.e., income and revenue from taxes, whether specific, *ad valorem*, excise, income, sales, franchise or license), in a principal sum not to exceed 75 percent of the income or revenue from such taxes that the State reasonably anticipates to be collected during the fiscal year. The State expects to issue \$550,000,000 of Tax Anticipation Notes, Series 2021 (the “Series 2021 TAN”), on July 1, 2021, in anticipation of the general tax revenues to be received during the fourth quarter of Fiscal Year 2022 (April, May and June 2022) and redeemed the Series 2021 TAN at maturity on June 30, 2022. The State did not issue tax anticipation notes in Fiscal Year 2021.

Listed below are the amounts borrowed and retirement dates of tax anticipation notes in the past ten fiscal years.

State Tax and Revenue Anticipation Notes

Fiscal Year	Principal	Interest Rate	Maturity Date
2021*	N/A	N/A	N/A
2020	\$546,185,000	3.00%	June 30, 2020
2019	540,000,000	4.00	June 29, 2019
2018	485,770,000	4.00	June 29, 2018
2017	500,000,000	2.00	June 30, 2017
2016	500,000,000	2.00	June 30, 2016
2015	475,000,000	2.00	June 30, 2015
2014	500,000,000	2.00	June 30, 2014
2013	500,000,000	2.00	June 28, 2013
2012	500,000,000	2.00	June 29, 2012

*The State did not issue Tax Anticipation Notes in Fiscal Year 2021.

Source: Idaho State Treasurer's Office.

Idaho School Bond Guaranty Program

The Idaho School Bond Guaranty Act (the "**Guaranty Act**"), Title 33, Chapter 53, Idaho Code, and the Credit Enhancement Program for School Districts (the "**Credit Enhancement Program**"), Idaho Code section 57-728, were enacted for the purpose of establishing a default avoidance program for voter-approved general obligation bonds issued by Idaho public school districts. Created in 1999 by the Legislature, the Guaranty Act and the Credit Enhancement Program have been revised by subsequent legislation to clarify guaranty limits and procedures. Amending legislation, passed in 2009, clarified technical aspects of the Guaranty Act and the Credit Enhancement Program and created a two-tiered system of credit enhancement.

The Guaranty Act provides a pledge of the State Sales Tax Moneys to guarantee timely payment of the principal of and interest on the guaranteed bonds. Under the Guaranty Act, if a school district does not make timely payment of debt service on guaranteed bonds, the State Treasurer is required to gather sufficient funds to make the debt service payment on the guaranteed bonds from one or more of the following sources:

- (i) intercepting all or a portion of any payments from any source of operating moneys provided by the State to the school district that would otherwise be paid to the school district by the State (the "**Interceptable Funds**");
- (ii) requesting the State Controller to transfer to the Public School Guaranty Fund moneys from the State General Fund representing sales tax receipts of the State in an amount not to exceed the scheduled debt service payment;
- (iii) issuing notes; or
- (iv) in the case of school bonds guaranteed under the Credit Enhancement Program, negotiating a voluntary loan from funds administered by the Endowment Fund Investment Board.

Any of the actions under (ii), (iii) and (iv) above are required to be repaid by the school district and such repayment obligation is subject to the intercept of future Interceptable Funds due to the school district. If a school district is approved to participate in the Guaranty Act, it may also request approval from the Endowment Fund Investment Board to participate in the Credit Enhancement Program, which provides back-up liquidity provisions to the Guaranty Act. The Credit Enhancement Program makes \$300 million available from the Public School Endowment Fund to purchase any general obligation notes issued by the State Treasurer pursuant to the Guaranty Act. The amount of debt guaranteed by the Credit Enhancement Program may not be greater than four times the amount made available by the Public School Endowment Fund, which limits the guaranty of the Credit Enhancement Program to \$1.2 billion of outstanding principal of bonds. Participation in the Credit Enhancement Program is limited to \$40 million in the aggregate per school district.

As of May 1, 2021, \$1,186,495,681.25 in principal is outstanding under the Guaranty Act. Of that, \$590,471,427.83 in principal is outstanding under the Credit Enhancement Program.

The Guaranty Act provides that the State Treasurer may issue a certificate of eligibility which will be printed on the bonds and which is good for the life of the bonds.

Effective April 15, 2013, the Idaho School Bond Guaranty Program (ISBGP) adopted a set of policies which include a debt capacity that mirrors that of the Idaho Bond Bank Authority: the combined Authority and ISBGP maximum annual debt service can be no greater than 20% of the State Sales Tax Revenues collected by the State during the most recent fiscal year for which audited financial statements are available.

Idaho Bond Bank Authority Debt Capacity Policy

Bonds issued by the Authority and bonds guaranteed under the ISBGP are both secured by the State Sales Tax Revenues. In 2012 the Authority implemented a debt capacity policy with respect to the utilization by both programs of the sales tax pledge. The Authority’s debt capacity policy states that the combined Authority and Idaho School Bond Guaranty maximum annual debt service can be no greater than 20% of the State Sales Tax Revenues collected by the State during the most recent fiscal year for which audited financial statements are available. As of the date of this Official Statement, the most recent fiscal year State Sales Tax Revenues collections for which audited financial statements are available is FY 2020 in which State Sales Tax collections totaled \$2,107,259,000. The combined maximum annual debt service on Authority and ISBGP bonds as of May 1, 2021, is \$193,469,967.12, not including debt service associated with the Series 2021A/B Bonds. The resulting combined percentage of maximum annual debt service to State Sales Tax Revenues collections based on FY 2020 State Sales Tax Revenues, therefore, is currently 9.18%.

State Intercept Payments

The State collects certain revenues that are disbursed to local governments, including certain IBBA Participants. Such revenues collected by the State and distributed to the IBBA Participant are subject, under the terms of the Act and the IBBA Loan Agreement for each IBBA Participant, to the State Intercept and repayment procedures contained in Section 67-8727, Idaho Code.

State-administered and collected revenues that are disbursed to local governments include State sales taxes (the “**State Shared Sales Tax**”), public school funds, liquor taxes, cigarette taxes (disbursed to counties) and fuel taxes among others. Although taxes on fuel are subject to the State Intercept, such tax receipts are restricted by the Idaho Constitution for use on roads and highway projects and may not be used for payment of principal of and interest on the Series 2021A/B Bonds.

The State Shared Sales Tax distributed to IBBA Participants represents the majority of interceptable funds that could be applied to make a payment on the Bonds. In the State’s Fiscal Year 2020, the State’s Shared Sales Tax, cigarette tax and liquor tax totaled \$276,071,061.58.

State-Collected Taxes and Other Funds Subject to Intercept Fiscal Year 2020

Participant	Total Intercept*
City of Burley	\$1,124,233
City of Hazelton	35,715
City of Jerome	1,839,805
City of Rupert	393,902
City of St. Anthony	262,252
Lost Rivers Hospital District	83,899
Shelley-Firth Fire Protection District	31,054
Totals	\$3,770,860

*Amount includes interceptable funds from State Shared Sales Tax, Liquor Tax, and Cigarette Tax.
 Source: Idaho Tax Commission and Idaho Liquor Dispensary.

State Shared Sales Tax Revenue

Pursuant to Idaho Code 63-3638 (10), State Shared Sales Tax revenue is distributed through a revenue sharing account held by the State Treasury to cities, counties and special districts (the “**State Shared Sales Tax Revenues**”). Distributions to cities and counties are made at the end of each quarter, which is September 30, December 30, March 31, and June 30.

In 2003, the Idaho Legislative Session took two actions related to sales taxes. First, it increased the sales tax rate for the two-year period from May 1, 2003, through June 30, 2005. Second it reduced the amount available for distribution to the State Shared Revenue account through July 31, 2005. Similarly, in a special session in August 2006, the Idaho State Legislature increased the sales tax rate from 5 percent to 6 percent, effective October 1, 2006, and eliminated the M&O Levy on property taxes that supported public school districts.

Sales Tax Rates and Allocation to State Shared Revenue Account

Fiscal Year	Sales Tax Rate	Allocation Percentage to State Shared Revenue Account
2007 to 2021	6%	11.50%
2006	5-6 ⁽¹⁾	13.75 ⁽²⁾
2005	6	11.50
2004	6	11.50
2003	5-6 ⁽³⁾	13.75

(1) Distribution based on the State’s 5 percent sales tax rate.

(2) In a special session of the Idaho State Legislature in August 2006, the M&O Levy that supported public school districts was replaced with a one percent increase to the State’s sales tax, effective October 1, 2006, raising the sales tax rate to 6 percent from 5 percent.

(3) Changed to 6 percent on May 1, 2003.

Source: Idaho Tax Commission Annual Reports.

The State Shared Sales Tax Revenues consist of eleven and one-half percent of all State Sales Tax Moneys collected under the Revenue and Taxation Act that is continuously appropriated for distribution to the revenue sharing account in the State Treasury. The State Shared Sales Tax Revenues are to be distributed as follows:

(i) 45.2 percent to cities. The revenue-sharing amount calculated by the State Tax Commission for the cities for each quarter of fiscal year 2020 shall be the base amount for current quarterly revenue distribution amounts. The State Tax Commission shall calculate the per capita distribution for each city resulting from the previous fiscal year’s distribution.

If the revenue-sharing account from the same quarter of the previous fiscal year has not changed, then the cities receive the same amount received for the same quarter of the previous fiscal year.

If the balance of the revenue-sharing account is greater than the balance of the revenue-sharing account for the same quarter of the previous fiscal year, then:

(1) if the distributions made to the cities during the same quarter of the previous fiscal year were below the base amount established in fiscal year 2020, the cities shall receive a proportional increase up to the base amount for each city not to exceed a one percent (1.00%) increase of such base amount and any remaining moneys shall be distributed to cities with below-average per capita distribution in the proportion to that city’s population to the population of all cities within the State with below-average per capita distributions; or

(2) if the distributions made to the cities during the same quarter of the previous fiscal year were at or above the base amount established in fiscal year 2020, the cities shall receive the same distribution they received during the same quarter of the previous fiscal year plus a proportional increase up to one percent (1.00%) and any remaining moneys shall be distributed to cities with below-average per capita distribution in the proportion to that city’s population to the population of all cities within the State with below-average per capita distributions.

If the balance of the revenue-sharing account for the current quarter is less than the balance of the revenue-sharing account for the same quarter of the previous fiscal year, then the cities shall first receive a proportional reduction down to the base amount established in fiscal year 2020, If further reductions are necessary, the cities shall receive reductions based on the proportion of such city’s population to the population of all cities within the State.

(ii) 47.1 percent to the counties.

59.8 percent of such amount shall be distributed as follows:

(1) one forty-fourth (1/44) of \$1,320,000 shall be distributed annually to each of the forty-four (44) counties within the State (\$30,000 to each county); and

(2) the balance shall be paid to the counties in proportion to each respective county's population to the population to the State.

40.2 percent of such amount shall be distributed as follows:

(1) Each county that received a payment under the provisions of Section 63-3638(e), Idaho Code, as that subsection existed immediately prior to July 1, 2000, in the fourth quarter of calendar year 1999, shall be entitled to a like amount during succeeding calendar quarters.

(2) If the dollar amount available under Section 63-3638(10)(b)(ii), Idaho Code, in any quarter does not equal the amount paid in the fourth quarter of the calendar year 1999, then each county's payment shall be reduced proportionately.

(3) If the dollar amount available under Section 63-3638(10)(b)(ii), Idaho Code, in any quarter exceeds the amount paid in the fourth quarter of calendar year 1999, then each county shall be entitled to a proportionately increased payment, but such increase shall not exceed one hundred five percent (105%) of the total payment made in the fourth quarter of calendar year 1999.

(4) If the dollar amount available under Section 63-3638(10)(b)(ii), Idaho Code, in any quarter exceeds one hundred five percent (105%) of the total payment made in the fourth quarter of calendar year 1999, any amount over and above such percentage shall be paid to the counties in proportion to each county's population to the population of the State.

(iii) 7.7 percent to the various counties for distribution to special purpose districts.

The Tax Commission collects State Sales Tax Moneys and conducts audits on such taxes. In addition, the Tax Commission collects hotel/motel room sales tax, corporate net income tax, electricity tax, estate tax, illegal drug stamp act tax, mine license tax, and personal income tax.

Pursuant to the Act, the outstanding Series 2004A Bonds and the Series 2008D Bonds are subject to the State Intercept under certain circumstances. All outstanding Bonds issued after July 1, 2008, including the Series 2009C Bonds, the Series 2010A Bonds, the Series 2011A Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2012C Bonds, the Series 2012D Bonds, the Series 2013A Bonds, the Series 2013B Bonds, the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, the Series 2018A Bonds, the Series 2020A Bonds, the Series 2020B Bonds, and the Series 2021A/B Bonds are by law subject to the State Intercept. However, certain municipalities currently do not receive State payments.

Recourse to State Intercept and State Sales Tax Revenues; Repayment Procedures; Intercept Payments. Under the Loan Agreements, each Participant is required to (i) transfer funds to the Trustee at least 15 days before the Repayment Installment Date; and (ii) acknowledge the State Intercept. The Repayment procedures contained in Section 67-8727, Idaho Code, operates by law for Participants, as set forth below:

If a Participant fails to deposit sufficient funds with the Trustee to make full payment of principal of and interest on a Series 2021A/B Bonds by the tenth day prior to the Payment Date of such Series 2021A/B Bonds, the Trustee is required to notify the Authority and State Treasurer who shall intercept payments under the State Intercept, and if the State Intercept is insufficient for the respective Participant whose Loan Agreement requires the State Intercept for the State Treasurer to transfer the full payment of principal and interest on such Series 2021A/B Bonds, the State Treasurer is required, pursuant to Section 67-8727(1)(e)(ii)(A), to give notice to the Tax Commission, and, pursuant to Section 67-8716 (2) Idaho Code, to give notice to the State Controller, certifying the amount of the deficiency, at least five (5) days prior to the Payment Date of such Series 2021A/B Bonds. After receipt of the certified notice from the State Treasurer, the State Controller shall, pursuant to the Act: (i) immediately fix the amount necessary in the amount of the deficiency stated in the notice; and (ii) cause State sales tax receipts in the General Fund to be transferred from the General Fund and be deposited in the Bond Bank Authority Fund to be used to pay debt service on such Series 2021A/B Bonds; provided however, that the transfer of moneys from the State sales tax receipts in the General Fund, under the provisions of Section 67-8716 of the Act, shall not impede or otherwise affect the payment of sales tax moneys pledged for the payment on other bonds outstanding as of July 1, 2001, if any, or tax anticipation notes issued by the State pursuant to Section 63-3202, Idaho Code. There have not been any such "other bonds" outstanding as of July 1, 2001 or subsequent to that date.

If the State has made all or part of a Repayment Installment from moneys transferred from the State sales tax receipts in the General Fund pursuant to Section 67-8716, Idaho Code, on behalf of a Participant, the Participant shall: (a) reimburse all moneys

drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus 5 percent; and (c) pay all penalties required by the Act.

The Participants and the Projects

Set forth below is certain information concerning the Participants, the Projects and a summary of the pledged revenues contained in the Loan Agreements.

Participant	Par Amount	Loan Final Maturity	Maximum Annual Debt Service (Parity Debt)	Project Description	Pledged Revenue in Loan Agreement
City of Hazelton, Idaho (Series 2021A Participant)	\$615,000	09/15/2037	\$54,800.00	The City will use the Authority Loan to currently refund its Sewer Revenue Bond, Series 2008 evidencing the United States Department of Agriculture's loan to the City to finance certain improvements to the City's sewer system.	System net revenues pledge of the City's sewer system and State Intercept.
Shelley-Firth Fire Protection District (Series 2021A Participant)	\$1,185,000	09/15/2042	\$90,006.07	The District will use the Authority Loan to currently refund its General Obligation Bond, Series 2014 evidencing the United States Department of Agriculture's loan to the District to finance certain improvements firefighting facilities.	<i>Ad Valorem</i> property taxes and State Intercept.
City of Burley (Series 2021B Participant) (Sewer Revenue Loan)	\$8,195,000	09/15/2031	\$1,249,500.00	The City will use the Authority Sewer Revenue Loan to advance refund its Sewer Revenue Refunding Bond, Series 2012, and Sewer Revenue Promissory Note,	System net revenues pledge of the City's sewer system and State Intercept.
City of Burley (Series 2021B Participant) (Water Revenue Loan)	\$830,000	09/15/2029	\$156,000.00	The City will use the Authority Water Revenue Loan to advance refund its Water Revenue Refunding Bond, Series 2012.	System net revenues pledge of the City's water system, Revenue Fund, and State Intercept.
City of Jerome (Series 2021B Participant)	\$12,530,000	09/15/2036	\$1,311,089.00	The City will use the Authority Loan to advance refund its Parity Lien Sewer Revenue Bond, Series 2014 and its Sewer Revenue Refunding Bond, Series 2014.	System net revenues pledge of the City's sewer system and State Intercept.
City of Rupert (Series 2021B Participant) (Water Revenue Loan)	\$645,000	09/15/2032	\$92,348.50	The City will use the Authority Water Revenue Loan to advance refund its Water Revenue Refunding Bond, Series 2012.	System net revenues pledge of the City's water system and State Intercept

City of Rupert (Series 2021B Participant) (Sewer Revenue Loan)	\$6,200,000	09/15/2036	\$732,242.00	The City will use the Authority Sewer Revenue Loan to advance refund its Parity Lien Sewer Revenue Refunding Bond, Series	System net revenues pledge of the City's sewer system, Reserve Fund, and State Intercept.
City of St. Anthony (Series 2021B Participant) (Water Revenue Loan)	\$265,000	09/15/2027	\$65,750.00	The City will use the Authority Water Revenue Loan to advance refund its Water Revenue Refunding Bond, Series 2012.	System net revenues pledge of the City's water system and State Intercept.
City of St. Anthony (Series 2021B Participant) (Sewer Revenue Loan)	\$1,585,000	09/15/2036	\$266,945.00	The City will use the Authority Sewer Revenue Loan to advance refund its Sewer Revenue Refunding Bond, Series 2012.	System net revenues pledge of the City's sewer system and State Intercept.
Lost Rivers Hospital District (Series 2021B Participant)	\$3,840,000	09/15/2034	\$433,163.50	The District will use the Authority Loan to advance refund its General Obligation Bond, Series 2014B (Tax-Exempt) and its General Obligation Bond, Series 2014C (Taxable).	<i>Ad Valorem</i> property taxes, Reserve Fund, and State Intercept.

The Municipal Bonds relating to the Series 2021A/B Bonds were duly authorized by an authorizing resolution or ordinance (collectively, the “**Ordinance**”) adopted by the governing body of each Participant. The Ordinance authorizes the Participants to execute its respective Loan Agreement with the Authority and to issue its respective Municipal Bond evidencing the Loan Agreement to the Authority.

The State Intercept will provide funds to pay a portion of the Series 2021A/B Bonds if Repayment Installments from a Participant are insufficient.

Coronavirus Disease 2019

On March 13, 2020, the Governor proclaimed a state of emergency throughout the State as a result of the coronavirus disease 2019 (“COVID-19”). The World Health Organization classified COVID-19 as a pandemic. In response to evidence of community spread of COVID-19, on March 25, 2020, the Governor issued an extreme emergency declaration and an Order to Self-Isolate (the “Stay Home Order”), requiring that people in the State cease leaving their home or place of residence except to conduct or participate in essential activities, essential government functions or to operate essential business through April 15, 2020, which Stay Home Order was extended on April 15, 2020 to continue through the end of April 2020.

On April 23, 2020, the Governor announced a four phased approach to reopening the State beginning on May 1, 2020, following the expiration of the Stay at Home Order. Certain syndromic, epidemiology and healthcare criteria for each stage must be met before the State advances to the next stage. As of May 11, 2021, the State is in stage 4, which allows for all businesses to operate, and no longer limits the number of people in attendance at public or private gatherings. It recommends face coverings for the general public, and requires face coverings at long-term health facilities.

The Coronavirus Aid, Relief, and Economic Security Act

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) provides an estimated \$2 trillion stimulus package to battle the effects of the COVID-19 pandemic. Part of that package provided approximately \$150 billion for state, local and tribal governments (the “Coronavirus Relief Fund”). The State received \$1,250,000,000 from the Coronavirus Relief Fund. The CARES Act provides that payments from the Coronavirus Relief Fund may only be used to cover costs that (i) are necessary expenditures incurred due to the public health emergency with respect to COVID-2019, (ii) were not accounted for in the budget most recently approved as of March 27, 2020 for the State of government, and (iii) were incurred during the period beginning March 1, 2020, and ending on December 30, 2021.

On April 7, 2020 the Governor issued Executive Order 2020-07 which established the Coronavirus 2019 Financial Advisory Committee (CFAC) to make recommendations for prioritizing the use of the funds. To date CFAC has recommended and the Governor has accepted their recommendation for the following funding allocations:

- (1) \$ 412,163,900 for Economic Support
- (2) \$ 215,387,400 for Education Support
- (3) \$ 199,300,900 for Public Health Support
- (4) \$ 222,242,600 for Local Government Support
- (5) \$ 200,905,200 for State Agencies

The CARES Act also expanded unemployment insurance from three to four months, and provided temporary unemployment compensation per week in addition to and at the same time as regular state and federal unemployment insurance benefits. As of June 19, 2021, the State of Idaho will no longer participate in the federal pandemic unemployment compensation program.

The State continues to closely monitor the proclamations from federal authorities regarding actions the State can take to address COVID-19, as well as continues take advantage of federal resources intended to provide relief to the State in its actions and efforts to address COVID-19.

American Rescue Plan Act of 2021

Through the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2020 (“ARPA”), the State as a whole has access to over \$5 billion in direct payments, grants, or fiscal relief. The \$5.3 billion is made up of three major categories (collectively, the “Recovery Funds”):

- (1) \$2.1 billion for Economic Stimulus Programs outside of State Government
- (2) \$1.3 billion in Grant programs to State Agencies
- (3) \$1.9 billion in State and Local Fiscal Recovery Funds

The Recovery Funds are allocated to help bolster local government responses to the COVID-19 emergency and its economic impacts. Entitled jurisdictions will receive their respective state and local fiscal recovery funds directly from the federal government. Non-entitled counties and cities will receive their funds from the State. The funds will be received in two tranches, with the first estimated to be delivered in May of 2021, and remainder to be delivered 12 months thereafter. The Recovery Funds can be used by jurisdictions to:

- (1) Support public health expenditures;
- (2) Address negative economic impacts caused by the public health emergency;
- (3) Replace lost public sector revenue;
- (4) Provide premium pay for essential workers; and
- (5) Invest in water, sewer and broadband infrastructure.

The Treasury's guidance also identified several other ineligible uses, including funding debt service, legal settlements or judgements, and deposits to rainy day funds or financial reserves. Further, general infrastructure spending is not covered as an eligible use outside of water, sewer, and broadband investments or above the amount allocated under the revenue loss provision.

The Legislature has only appropriated \$104 million of the Recovery Funds, \$54 million for the first distribution to the non-entitled counties and cities and \$50 million for the Governor's use in the event there were vaccine needs or in the event different strains cause a burden on the State's healthcare system. Additionally, the Legislature appropriated \$714.5 million in grant program funding to state agencies. The Legislature will appropriate the remaining funds in January 2022.

Delay of State Income Tax Due Date

The Internal Revenue Service extended the federal tax filing and payment deadline for tax year 2020 to May 17, 2021. In response, the State extended its State income tax filing deadline to match. The extension applied to all taxpayers subject to Idaho's individual income tax regardless of the amount owed. Penalty and interest will not apply if taxpayers filed their return and paid owing income tax by May 17, 2021.

The State Tax Commission also extended the deadline to apply for property tax relief programs from April 15, to May 17, 2021.

The Authority cannot predict if any federal, State or local authorities will issue additional proclamations or orders that can be expected to further adversely impact economic activity or the respective Participants' operations or revenue. Although the full effects of COVID-19 cannot be predicted with certainty, COVID-19 and related social distancing measures in response to COVID-19 are having an adverse effect on economic activity within the State and the Participants. This reality notwithstanding, the Authority does not anticipate COVID-19 related factors causing the respective Participants to suffer material adverse financial impact from the COVID-19 pandemic. Nonetheless, the full extent of the direct and indirect impacts of COVID-19 related financial disruption on the Authority and the Participants is currently unknown and the future impact of the COVID-19 pandemic on the Authority and Participants cannot be reasonably estimated at this time.

Rating

As noted on the cover page of this Official Statement, the Authority has received a rating of Aa1 for the Series 2021A/B Bonds from Moody's Investors Service. The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating will be likely to have an adverse effect on the market price of the Series 2021A/B Bonds.

Financial Factors

Municipalities in the State must obtain an audit and examination of its funds and account groups at least once each year pursuant to Idaho Code as required in Section 67-450B. Section 67-450B, Idaho Code allows Municipalities with expenditures between \$100,000 and \$250,000 to have a biennial audit and Municipalities with expenditures between \$50,000 and \$100,000 to have a biennial review. Municipalities having annual expenditures of less than \$50,000, with the exception of those entities receiving

federal assistance, are exempt from this requirement. The required audit may be performed by independent public accountants certified by the State as capable of auditing Municipalities.

The Authority was formed in 2002. Prior to the Fiscal Year that ended September 30, 2007, the Authority's financial statement was incorporated as part of the State's audit.

The Participants' most current audited financial statements feature clean opinions from their auditors. The Participants expect to file their annual audits with the Authority not later than six months after the end of each Participant's fiscal year end (presently September 30), commencing with the report for the Fiscal Year ending in 2020 and all fiscal years thereafter. See **Appendix E – Form of Loan Agreement** herein for the Participants' reporting provisions.

The Tax Commission produces an annual report that includes information on State-administered tax rates and distribution of tax receipts. This annual report is available by contacting the Tax Commission in writing to Idaho State Tax Commission, PO Box 36, Boise Idaho 83722-0410, or by obtaining it from the Tax Commission's internet site, which is currently <http://tax.idaho.gov/search-reports.cfm?ch=EPB00033>. The Tax Commission website is not incorporated into this Official Statement by such reference and is not a part hereof.

All future financial statements of the Authority may be obtained from EMMA, a free, centralized repository offered by the Municipal Securities Rulemaking Board located at www.emma.msrb.org. Future financial statements of the Participant can be obtained from the Authority or directly from the Participant.

Financial Information

The Authority's audit for the Fiscal Year ending June 30, 2020, was performed by Eide Bailly LLP, Boise, Idaho. The Authority's Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2020, is included in **APPENDIX G**.

Legal and Tax Matters

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Series 2021A/B Bonds are subject to the approving legal opinion of Bond Counsel, Skinner Fawcett LLP, Boise, Idaho, substantially in the form attached hereto as Appendix B. Hawley Troxell Ennis & Hawley, LLP, Boise, Idaho, bond counsel to Lost Rivers Hospital District, and MSBT Law, Chtd., Boise, Idaho, bond counsel to City of Burley, City of Hazelton, City of Jerome, City of Rupert, City of St. Anthony, and Shelley-Firth Fire Protection District, will each provide opinions with respect to each respective Participant's Loan Agreement and Municipal Bond.

Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2021A Bonds is excluded from alternative minimum taxes as defined in Section 55(b)(2) of the Code. Interest on the 2020B Bonds is included in gross income for federal income tax purposes, but is exempt from State of Idaho personal income taxes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in **Appendix B** hereto.

With respect to any maturity of the Series 2021A Bonds where issue price is less than the amount to be paid at maturity of such Series 2021A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2021A Bonds) (the "**Discount Series 2021A Bonds**"), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2021A Bonds which is excluded from gross income for federal income tax purposes and is exempt from State of Idaho personal income taxes. For this purpose, the "issue price" of a particular maturity of the Series 2021A Bonds is the first price at which a substantial amount of such maturity of the Series 2021A Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Discount Series 2021A Bonds accrues daily over the term to maturity of such Discount Series 2021A Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates).

The accruing original issue discount is added to the adjusted basis of such Discount Series 2021A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Discount Series 2021A Bonds. Beneficial Owners of the Discount Series 2021A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of the Discount Series 2021A Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Discount Series 2021A Bonds in the original offering to the public at the first price at which a substantial amount of such Discount Series 2021A Bonds is sold to the public.

Series 2021A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the “**Premium Series 2021A Bonds**”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series 2021A Bonds, like the Premium Series 2021A Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Series 2021A Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Series 2021A Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2021A Bonds. The Authority and the Participant have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2021A Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2021A Bonds being included in gross income for federal income tax purposes, possibly from the date of original execution and delivery of the Series 2021A Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of execution and delivery of the Series 2021A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2021A Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Idaho personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021A Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2021A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2021A Bonds. Prospective purchasers of the Series 2021A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Series 2021A Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority and the IBBA Participants, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the IBBA Participants have covenanted, however, to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the IRS will commence an audit of the Bonds. Under current audit procedures the IRS will treat the Issuer as the taxpayer and the Series 2021A Bond owners may have no right to participate in such procedures. None of the Issuer, the Financial Advisors, the Underwriter, or Bond Counsel is responsible for paying or reimbursing any Bondholder with respect to any audit or litigation costs relating to the Series 2021A Bonds. Bond Counsel’s engagement with respect to the Series 2021A Bonds ends with the issuance of the Series 2021A Bonds, and, unless separately

engaged, Bond Counsel is not obligated to defend the Authority, the Participants or the beneficial owners regarding the tax-exempt status of the Series 2021A Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and the IBBA Participants and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Series 2021A Bonds is difficult, obtaining an independent review of IRS positions with which the Authority and the Participant legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2021A Bonds for audit, or the course or result of such audit, or an audit of Series 2021A Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2021A Bonds, and may cause the Authority, the IBBA Participants or the beneficial owners to incur significant expense.

The Initiative Process

Article I, Section 3 of the Idaho Constitution provides that the people of the State have reserved to themselves the power of initiative and referendum, pursuant to which measures to enact or repeal laws can be placed on the statewide general election ballot for consideration by the voters. The initiative and referendum powers relate only to laws; the Idaho Supreme Court has ruled that the Idaho Constitution cannot be amended by initiative or referendum.

In 1997, the Idaho Legislature enacted significant procedural pre-requisites including signature distribution requirements, to qualify an initiative or referendum measure for submittal to the electors. Any person may file a proposed measure with the signatures of 20 qualified electors of the State with the Idaho Secretary of State's office. The Idaho Attorney General is required by law to review and make recommendations (if any) on the petition to the petitioner before issuing a certificate of review to the Secretary of State. The petitioner then, within 15 working days, files the measure with the Secretary of State for assignment of a ballot title and submittal to the Attorney General. The Attorney General, within 10 working days thereafter, shall provide a ballot title for the measure. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Idaho Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the form of the petition has been approved by the Secretary of State, the proponents of the measure will print the petition and, during an 18 month circulation period or until April 30 in an election year, whichever occurs first, may start gathering the petition signatures necessary to place the proposed measure on the ballot.

To be placed on a general election ballot, not less than four months prior to the election, the proponents must submit to the Secretary of State petitions signed by no less than 6% of the qualified electors in at least a majority of the State's 35 legislative districts and the total number of signatures gathered must exceed 6% of the state-wide qualified electors. Legislation was approved in 2021 that increases the requirement for signatures to 6% in all 35 of the State's legislative districts effective July 1, 2021. The numbers of qualified electors is measured as of the immediately preceding general election of the State.

Proponents of measures are permitted to compensate persons obtaining signatures for the petition, but in such instances the petition must contain a notice of such payment to the elector whose signature is being sought.

Referendum petitions must be filed not more than 60 days after the final adjournment of the session of the Idaho State Legislature which passed the bill on which the referendum is demanded.

Historical Initiative Petitions

According to the Elections Division of the Idaho Secretary of State, two initiative petitions qualified for the ballot between 2010 and 2020. In 2018, two initiatives qualified for the November 6, 2018 general election. An initiative related to Medicaid expansion was approved by the voters and an initiative related to horse racing was not approved.

Current Referendums

There currently are no referendums or initiatives scheduled for the next applicable general election.

Current Initiative Petitions

No initiatives yet qualified to attain ballot status for the next applicable general election.

Litigation

There is no litigation pending or threatened questioning the validity of the Loan or the Series 2021A/B Bonds, the power and authority of Participant to enter into the Loan Agreement or issue the Municipal Bond or the power and authority of the Authority to issue the Series 2021A/B Bonds and loan the Series 2021A/B Bond proceeds to the Participant under the Loan Agreement and to purchase the Municipal Bond. There is no litigation pending or threatened that would materially affect the finances of the Participant or affect the Participant's ability to meet debt service requirements on the Loan as evidenced by the Municipal Bond.

Financial Advisor

The Authority has retained PFM Financial Advisors LLC ("PFM"), as financial advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2021A/B Bonds. PFM is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

Underwriting

The Series 2021A Bonds are being purchased by Piper Sandler & Co., at a price of 119.615914% of the par value of the Series 2021A Bonds and will be re-offered at an average price of 120.552733% of the par value of the Series 2021A Bonds. After the initial public offering, the public offering prices may vary from time to time.

The Series 2021B Bonds are being purchased by Piper Sandler & Co., at a price of 115.824253% of the par value of the Series 2021B Bonds and will be re-offered at an average price of 116.165075% of the par value of the Series 2021B Bonds. After the initial public offering, the public offering prices may vary from time to time.

Piper Sandler & Co. has entered into a separate agreement with Charles Schwab & Co., Inc. that enables Charles Schwab & Co., Inc. to distribute certain new issue municipal securities underwritten by or allocated to Piper Sandler & Co. which could include the Series 2021A/B Bonds. Under that agreement, Piper Sandler & Co. will share with Charles Schwab & Co., a portion of the fee or commission paid to Piper Sandler & Co.

Concluding Statement

The information set forth herein is not to be construed as a contract with the owners of the Series 2021A/B Bonds.

IDAHO BOND BANK AUTHORITY, IDAHO

/s/

Edelene Ohman, Executive Director

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Appendix A

Definitions

DEFINITIONS

Unless the context otherwise requires, the terms in this Official Statement shall have the meanings defined below:

“Act” means the Idaho Bond Bank Authority Act, being Idaho Code, Title 67, Chapter 87, as amended.

“Additional Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the provisions of the Trust Agreement concerning the Issuance of Bonds.

“Aggregate Debt Service” shall mean, for all Sales Tax Secured Debt for such period, as of any date of calculation and with respect to any period, the sum of: (1) the interest falling due on such Sales Tax Secured Debt during such period (except to the extent that such interest is payable from the proceeds of such Sales Tax Secured Debt set aside for such purpose), and (2) the principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Sales Tax Secured Debt during such period; computed on the assumption that no portion of such Sales Tax Secured Debt shall cease to be outstanding during such period except by reason of the application of such scheduled payments; provided that if interest on Sales Tax Secured Debt is payable pursuant to a variable interest rate formula, the interest rate on such Sales Tax Secured Debt for periods when the actual interest rate cannot be yet determined shall be assumed to be equal to the greater of (a) the current interest rate calculated pursuant to the provisions of such agreement or, (b) if available, the daily average interest rate on such Sales Tax Secured Debt during the preceding thirty-six (36) months preceding the date of calculation, (c) if such Sales Tax Secured Debt has not been outstanding for such 36-month period, such daily average interest rate on comparable debt of a state or political subdivision of a state which debt is then rated by a nationally recognized bond rating agency with a rating similar to the rating on such Sales Tax Secured Debt, or (d) the maximum rate established by any borrowing document authorizing the variable rate debt.

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year, calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

“Annual Expense Charges” means, the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bond or loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in the Loan Agreement upon receipt of invoice from the Authority or Trustee.

“Authority” means the Idaho Bond Bank Authority created pursuant to the Act and its successors and assigns in accordance to the Trust Agreement.

“Authority Fee” means the fee payable to the Authority in the amount of .10% (1/10th of one percent) of the total debt service on the Loan due and payable at the closing of the Loan. The amount of any application pre-paid by the Municipality to the Authority, not previously credited, may be credited against the Authority Fee.

“Authority Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom—

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and
- (3) is not connected with the Authority as a member, officer or employee of the Authority, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority.

“Authorized Municipality Representative” means the Chairman, Superintendent, Director of Business Operations, Board of Commissioners, Mayor or Municipality Clerk, or any such officer’s designee, or any other person or officer of the Municipality duly authorized by the Municipality to act in such capacity with respect to the Loan Agreements.

“Authorized Denominations” means the amount or amounts so designated in the Supplemental Trust Agreement authorizing such Bonds, and with respect to the Series 2021A/B Bonds, \$5,000 or any integral multiple thereof.

“Authorized Representative” means the Chairman, Board of Commissioners, or Executive Director, Secretary or Treasurer of the Authority, or any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

“Bond Bank Authority Fund” means the Bond Bank Authority Fund created in the State treasury under Section 67-8716, Idaho Code, as amended.

“Bond Counsel” means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

“Bond Fund” means a special fund created under Participant’s ordinance or resolution and held by the Participant to be used solely for the purpose of paying the Repayment Installments as the same become due, so long as any of the Repayment Installments remain outstanding and unpaid.

“Bond Owner” or “Holder” means any person who shall be the registered owner of any Outstanding Bond.

“Bonds” means the outstanding Series 2004A Bonds, the Series 2008D Bonds, the Series 2009C Bonds, the Series 2010A Bonds, the Series 2010B Bonds (to be fully defeased at closing), the Series 2011A Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the 2012C Bonds, the Series 2012D Bonds, the Series 2013A Bonds, the Series 2013B Bonds, the Series 2014A Bonds, the Series 2014B Bonds, the Series 2014C Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2017C Bonds, the Series 2018A Bonds, the Series 2020A Bonds, the Series 20210B Bonds, the Series 2021A Bonds, the Series 2021B Bonds, and all Additional Bonds.

“Business Day” means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or State of Idaho are authorized to remain closed, or a day on which the Federal Reserve system is closed.

“Capital Appreciation Bonds” means the Bonds of each Series so designated and which bear interest payable as a portion of the Accreted Value of such Bonds at the maturity or earlier redemption or payment thereof.

“Certificate of the Authority” means an instrument in writing signed by the Secretary or Treasurer of the Authority, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consulting Engineer” means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Continuing Disclosure Agreement” means that certain Continuing Disclosure Agreement executed by the Authority dated the date of issuance and delivery of a Series of Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution and delivery of the Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, premiums of any provider of Bond Insurance, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established pursuant to the provisions of the Trust Agreement concerning Funds and Accounts.

“Current Interest Bonds” means the Bonds of each Series so designated and which bear interest payable on

the Interest Payment Dates applicable to such Series.

“Depository” means DTC or another recognized securities depository selected by the Authority which maintains a book-entry system for the Bonds.

“DTC” means The Depository Trust Company, New York, New York.

“Events of Default” shall have the meaning specified in the provisions of the Trust Agreement concerning Events of Default and Remedies of Bond Owners.

“Final Compounded Amount” means, with respect to any Capital Appreciation Bond, the Accreted Value thereof on its maturity date.

“Financial Newspaper” means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news, and selected by the Authority.

“Fiscal Year” for the Participant, means the twelve (12) month period of the Municipality, beginning October 1 and ending September 30 each year or any other annual accounting period thereafter selected and designated by the Municipality as its Fiscal Year in accordance with applicable law. For the Authority and the State, a Fiscal Year begins July 1 and ends June 30 of each year.

“Funded Debt” shall mean all Indebtedness of Authority secured by a Parity Lien.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Government Securities” means cash (insured at all times by the Federal Deposit Insurance Corporation) or obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including: U.S. treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, General Services Administration, Guaranteed Title XI financing, Government National Mortgage Association (GNMA), State and Local Government Series. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

“IBBA Loan Agreements” means all loan agreements to IBBA Participants.

“IBBA Loans” means the loan of proceeds of Bonds made by the Authority pursuant to the Act to the IBBA Participants.

“IBBA Participants” includes the participating Municipalities under all Series of Bonds.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Income Fund” means the fund by that name created pursuant to the provisions of the Loan Agreement and/or ordinance or resolution of the Municipality.

“Indebtedness” means bonds, notes or other obligations of the Authority issued pursuant to the Act.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 30 Montgomery Street, 10th Floor, Jersey City, NJ 17302, Attention: Editor; Kenny Information Services’ “Called Bond Service,” 65 Broadway, 16th Floor, New York, NY 10006; Moody’s Investors Service’s “Municipal and Government,” 99 Church Street, 8th Floor, New York, NY 10007, Attention: Municipal News Reports; and Standard & Poor’s Ratings Group’s “Called Bond Record,” 25 Broadway, 3rd Floor, New York, NY 10004; or, in accordance with the current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

“Initial Amount” means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond on the date of issuance thereof.

“Interest Payment Date” means with respect to the Bonds of any Series, the interest payment dates for such

Series specified in the Supplemental Trust Agreement authorizing the issuance of such Series, and with respect to the Series 2021A/B Bonds, each September 15 and March 15, commencing September 15, 2021.

“Loan” or “Loans” means the loan of proceeds of the Series 2021A/B Bonds to the Participants.

“Loan Agreement” or “Loan Agreements” means a loan of the proceeds of the Series 2021A/B Bonds to the Participants pursuant to the respective Loan Agreements.

“Master Trust Agreement” means a master trust agreement between the Authority and U.S. Bank National Association, dated as of December 1, 2004.

“Maturity Amount” shall mean, (i) with respect to a Capital Appreciation Bond, the Final Compounded Amount thereof, and (ii) with respect to a Current Interest Bond, the stated principal amount thereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all parity debt.

“Moody’s” means Moody’s Investors Service, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Municipal Bond” or “Municipal Bonds” means the taxable and tax exempt general obligation bonds or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in the Loan Agreement.

“Municipal Bond Purchase Fund” means the fund by that name established pursuant to the provisions of the Loan Agreements concerning Funds and Accounts.

“Municipality” means any county, city, municipal corporation, school district, irrigation district, sewer district, water district, highway district or other special purpose district or political subdivision of the State established by law as set forth in a Supplemental Trust Agreement.

“Municipality Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Opinion of Bond Counsel” means a written opinion of Bond Counsel.

“Outstanding,” when used as of any particular time with reference to Bonds, means all Bonds except:

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of the provisions of the Trust Agreement concerning Discharge of Bonds; and
- (3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

“Parity Debt” means the Repayment Installments and any Prior Obligations.

“Parity Lien” means any pledge, lien, security interest, encumbrance or charge of any kind on or in all or any part of the Revenues which is equal and ratable to the lien of the Trust Agreement on or in such revenues.

“Participant” means, for the Series 2021A Bonds, the City of Hazelton and the Shelley-Firth Fire Protection District, as shown on the inside cover page of this Official Statement; and for the Series 2021B Bonds, the City of Burley, the City of Jerome, the City of Rupert, the City of St. Anthony, and the Lost Rivers Hospital District, as shown on the inside cover page of this Official Statement.

“Paying Agent,” when used with reference to any Series of Bonds, means any commercial bank (including the Trustee and its affiliates) or trust company organized under the laws of any state of the United States of America,

or any national banking association, designated as paying agent for the Bonds of such Series, and its successor or successors appointed in the manner provided in the Trust Agreement.

“Payment Date” means the date on which interest, Principal Installments or Redemption Price is due on Bonds.

“Permitted Investments” means any of the following:

- (1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.
- (2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):
 - a. U.S. Export-Import Bank (Exim bank)
Direct obligators or fully guaranteed certificates of beneficial ownership
 - b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
 - c. Federal Financing Bank
 - d. Federal Housing Administration Debentures (FHA)
 - e. General Services Administration
Participation certificates
 - f. Government National Mortgage Association (GNMA or "Ginnie Mae"): GNMA - guaranteed mortgage-backed bonds GNMA - guaranteed pass-through obligations (participation certificates) (not acceptable for certain cash-flow sensitive issues.)
 - g. U.S. Maritime Administration: Guaranteed Title XI financing
 - h. U.S. Department of Housing and Urban Development (HUD):
Project Notes Local Authority Bonds New Communities Debentures – U.S. Government guaranteed debentures U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds
- (3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):
 - a. Federal Home Loan Bank System:
Senior debt Bonds (Consolidated debt Bonds)
 - b. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"):
Participation Certificates (Mortgage-backed securities)
Senior debt Bonds
 - c. Federal National Mortgage Association (FNMA or "Fannie Mae"):
Mortgage-backed securities and senior debt Bonds (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal.)
 - d. Student Loan Marketing Association (SLMA or "Sallie Mae"):
Senior debt Bonds
 - e. Resolution Funding Corp: (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
 - f. Farm Credit System:
Consolidated system wide bonds and notes

- (4) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.
- (5) Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks (including the Trustee or any of its affiliates) whose short term Bonds are rated "A-1+" or better by S&P and "Prime-1" by Moody's. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.
- (6) Certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the Authority), savings accounts, deposit accounts, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts, or money market deposits (including those of the Trustee or any of its affiliates) which are fully insured by FDIC, including BIF and SAIF.
- (7) Investment Agreements, with providers rated at least Aa2.
- (8) Commercial paper rated "Prime - 1" by Moody's and "A-1+" or better by S&P.
- (9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.
- (10) Federal funds or bankers acceptances (including those of the Trustee or any of its affiliates) with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1+" by S&P.
- (11) Repurchase or reverse repurchase agreements (including those of the Trustee or any of its affiliates) that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase or reverse repurchase agreements must satisfy the following criteria:

- a. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm:
 - (1) Primary dealers on the Federal Reserve repurchasing dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by Standard & Poor's Ratings Group and Moody's, or
 - (2) Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investor Services.
- b. The written repurchase contract must include the following:
 - (1) Securities which are acceptable for transfer are:
 - (a) Direct U.S. governments
 - (b) Federal agencies backed by the full faith and credit of the U.S
 - (2) The term of the repurchase may be up to 30 days
 - (3) The collateral must be delivered to the municipal entity, or third party acting as

agent for the trustee before/simultaneous with payment (perfection by possession of certificated securities).

- (4) The trustee has a perfected first priority security interest in the collateral.
- (5) Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a repurchase or reverse repurchase.
- (6) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the trustee or the Trustee's third party custodian to liquidate collateral.
- (7) Valuation of Collateral
 - (a) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (b) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
 - (c) Legal opinion which must be delivered to the municipal entity: Repurchase meets guidelines under state law for legal investment of public funds.

- (12) Pre-refunded Municipal Obligations rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed Bonds, or AAA rated pre-refunded municipals to satisfy this condition.
- (13) In addition to the above list of investments, any state-administered pool investment fund in which the Authority is statutorily permitted or required to invest.

“Person” means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Pre-refunded Municipal Obligations” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

- (1) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or S&P or any successor thereto; or
- (2) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (a)(2) of the definition of Permitted Investments, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

“Premium Series 2021A Bonds” means Series 2021A Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date).

“Principal Amount” means, as of any date of calculation, (i) with respect to any Capital Appreciation Bond, the Accreted Value thereof as of such date of calculation, and (ii) with respect to any Current Interest Bond, the stated principal amount thereof.

“Principal Installment” means, with respect to amounts due for the Bonds of any Series as of any date, (i) the Principal Amount of all Outstanding Bonds of such Series due on such date for which no Sinking Fund Installments have been established, and (ii) the Sinking Fund Installments due on such date for Outstanding Bonds of such Series.

“Principal Office” refers to the office of the Trustee noted in the provisions of the Trust Agreement concerning Notices, except that for payments on Bonds and any exchange, transfer or surrender of Bonds, the Principal Office shall be Zions Bancorporation, National Association, 601 Union Street, Suite 3600, Seattle, Washington 98101, or such other or additional offices as the Trustee may designate from time to time.

“Principal Payment Date” means with respect to the Bonds of any Series, the principal payment date for such Series specified in the Supplemental Trust Agreement authorizing the issuance of such Series, which shall be any date on which principal of the Bonds is required to be paid (whether by reason of maturity or redemption).

“Prior Obligations” means the obligations of each Participant secured by the same revenue source that secures the respective Participant’s Municipal Bonds and specified in Schedule 1 of the Loan Agreement.

“Project” means the facilities or project financed or refinanced in whole or in part by the Loan.

“Purchase Price” means the principal amount of the Municipal Bonds plus accrued interest to and including the date of purchase, as set forth in Exhibit B of the Thirtieth Supplemental Trust Agreement.

“Rating Agencies” means, as of any date, (a) Moody’s, if Moody’s then maintains a rating on the Bonds, and (b) S&P, if S&P then maintains a rating on the Bonds.

“Rating Category” means one of the general long-term (or short-term, if so specifically provided) rating categories of either Moody’s or S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

“Rebate Fund” means the fund by that name established pursuant to the provisions of the Trust Agreement concerning Tax Covenants and Rebate Fund.

“Record Date” means with respect to the payment of interest on any Series of Bonds, the date or dates specified as such in the Supplemental Trust Agreement authorizing such Series.

“Redemption Date” means the date fixed for redemption of any Bonds.

“Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Trust Agreement.

“Repayment Amount” means the amount specified in Schedule 1 of the Loan Agreements.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to the provisions of the Loan Agreements as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance thereto.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B of the Loan Agreement.

“Representation Letter” means the blanket letter of representation of the Authority to DTC or any similar letter to a substitute depository.

“Responsible Officer” means any officer of the Trustee assigned to administer its duties under the Trust Agreement.

“Revenue Fund” means the fund so designated and established pursuant to the provisions of the Trust Agreement concerning Funds and Accounts.

“Revenues” means (i) all amounts payable to the Authority pursuant to the Municipal Bonds, (ii) all investment earnings thereon, (iii) moneys received by the Authority pursuant to Section 67-8727, Idaho Code, (iv) any State Sales Tax Revenues, and (v) all other moneys received by the Authority and designated by the Authority as available to make payments on the Bonds. The designation by the Authority of any moneys as available to make payments on the Bonds shall specify in which fund, account or subaccount the moneys shall be deposited.

“Sales Tax Secured Debt” means the Bonds, any Additional Bonds, Funded Debt, bonds outstanding on the

effective date of the Act secured by State Sales Tax Moneys but not including tax anticipation notes issued by the State of Idaho pursuant to Section 63-3202, Idaho Code.

“Securities Depositories” means: The Depository Trust Company, 711 Stewart Avenue, Garden City, NY 11530, Fax: (516) 227-4039 or -4190; Midwest Securities Trust Company, Capital Structures- Call Notification, 440 South LaSalle Street, Chicago, IL 60605, Fax: (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, PA 19103, Attention: Bond Department, Fax: (215) 496-5058; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee.

“Serial Bonds” means Bonds for which no sinking fund payments are provided.

“Series,” whenever used in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Trust Agreement.

“Series 2021A Bonds” means the Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A, dated the date of delivery as authorized by, and at any time Outstanding pursuant to the Trust Agreement.

“Series 2021A/B Bonds” means, collectively the Series 2021A Bonds and the Series 2021B Bonds.

“Series 2021B Bonds” means the Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021B (Federally Taxable), dated the date of delivery as authorized by, at any time Outstanding pursuant to the Trust Agreement.

“Sinking Fund Installment” means an amount so designated which is established pursuant to the provisions of the Trust Agreement concerning the General Provisions for Issuance of Additional Bonds with respect to any Series of Bonds other than the Series 2021A/B Bonds, which shall be as provided in a Supplemental Trust Agreement.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“State” means the State of Idaho.

“State Intercept” means moneys intercepted by the Authority from moneys due to certain Participants from the State pursuant to Section 67-8727, Idaho Code.

“State Sales Tax Act” means Idaho Code, Title 63, Chapter 36, as amended.

“State Sales Tax Moneys” means the moneys collected by the State pursuant to the State Sales Tax Act.

“State Sales Tax Revenues” or “Sales Tax Revenues” means the moneys transferred to the Authority from State Sales Tax Moneys as provided in Section 63-3638 of the State Sales Tax Act and Section 67-8716 of the Act.

“State Shared Sales Tax Revenues” means sales tax revenue is distributed through a revenue sharing account held by the State Treasury to cities, counties and special districts pursuant to Idaho Code 63-3638 (9).

“Subordinate Obligations” means the obligations of the Municipality that are subordinate in payment to the Repayment Installments and to the Parity Obligation Payments.

“Subordinated Indebtedness” means any bond, note or other evidence of indebtedness, which is expressly made subordinate and junior in right of payment to the Bonds and which complies with the provisions of the Trust Agreement concerning Subordinates Indebtedness. Any such Subordinated Indebtedness shall not be nor be deemed to be Bonds for purposes of the Trust Agreement.

“Subordinated Indebtedness Fund” means the Fund so designated established pursuant to the provisions of the Trust Agreement concerning Subordinates Indebtedness.

“Subordinated Indebtedness Trust Agreement” means the resolution, indenture, trust agreement or other instrument authorizing the issuance of any Subordinated Indebtedness.

“Supplemental Trust Agreement” means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory thereof or supplemental thereto; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Trust Agreement.

“Surplus Fund” means the Fund so designated established pursuant to the provisions of the Trust Agreement concerning Funds and Accounts.

“Tax Certificate” means the Tax Certificate delivered by the Authority at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

“Term Bonds” means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

“Thirty-First Supplemental Trust Agreement” means the Supplemental Trust Agreement between the Authority and the Trustee for the Series 2021A/B Bonds.

“Trust Agreement” means the Master Trust Agreement as originally executed and supplemented by the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, Fourth Supplemental Trust Agreement, Fifth Supplemental Trust Agreement, Sixth Supplemental Trust Agreement, the Seventh Supplemental Trust Agreement, the Eighth Supplemental Trust Agreement, the Ninth Supplemental Trust Agreement, the Tenth Supplemental Trust Agreement the Eleventh Supplemental Trust Agreement, the Twelfth Supplemental Trust Agreement, the Thirteenth Supplemental Trust Agreement, the Fourteenth Supplemental Trust Agreement, the Fifteenth Supplemental Trust Agreement, the Sixteenth Supplemental Trust Agreement the Seventeenth Supplemental Trust Agreement, the Eighteenth Supplemental Trust Agreement, the Nineteenth Supplemental Trust Agreement, the Twentieth Supplemental Trust Agreement, the Twenty-First Supplemental Trust Agreement, the Twenty-Second Supplemental Trust Agreement, the Twenty-Third Supplemental Trust Agreement, the Twenty-Fourth Supplemental Trust Agreement, the Twenty-Fifth Supplemental Trust Agreement, the Twenty-Sixth Supplemental Trust Agreement, the Twenty-Seventh Supplemental Trust Agreement, the Twenty-Eighth Supplemental Trust Agreement, the Twenty-Ninth Supplemental Trust Agreement, the Thirtieth Supplemental Trust Agreement, and Thirty-First Supplemental Trust Agreement, and as it may from time to time be further amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions thereof.

“Trust Estate” means, subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement: (i) the Revenues and (ii) all amounts on deposit in the funds and accounts held and maintained pursuant to the Trust Agreement including the investments, if any, thereof.

“Trustee” means Zions Bancorporation, National Association, 601 Union Street, Suite 3600, Seattle, Washington 98101, or any other association or corporation which may at any time be substituted in its place as provided in provisions of the Trust Agreement concerning the Trustee.

“Written Request of the Authority” means an instrument in writing signed by or on behalf of the Authority by its Secretary, Treasurer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

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Appendix B

Form of Bond Counsel Opinion

SKINNER FAWCETT LLP
LAW OFFICES

RICHARD A. SKINNER
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E-MAIL: hrdolph@skinnerfawcett.com

June __, 2021

Idaho Bond Bank Authority
Boise, Idaho

RE: Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A and Idaho
Bond Bank Authority Refunding Revenue Bonds, Series 2021B (Federally Taxable)

Ladies and Gentlemen:

This letter is addressed to the Idaho Bond Bank Authority as Issuer (the "Issuer") in connection with the issuance of \$1,800,000 aggregate principal amount of Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A (the "Series 2021A Bonds") and \$34,090,000 aggregate principal amount of Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021B (Federally Taxable) (the "Series 2021B Bonds" and with the Series 2021A Bonds, the "Bonds") pursuant to a Master Trust Agreement, dated as of December 1, 2004, as supplemented most recently by a Thirty-First Supplemental Trust Agreement, dated as of June 1, 2021 (collectively, the "Trust Agreement"), between the Issuer and Zions Bancorporation, National Association, as trustee, as authorized by a resolution of the Issuer adopted on May 27, 2021 (the "Resolution"). The Bonds are issued for the purpose of making a loan of the proceeds thereof to the municipalities identified in the Trust Agreement (the "Municipalities") pursuant to loan agreements (the "Loan Agreements"), all dated as of June 1, 2021, between the Issuer and the Municipalities. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement and if not therein, then in the Resolution.

In connection with our role as bond counsel, we have reviewed the Resolution, the Trust Agreement, the form of the Loan Agreements, the Escrow Agreement, the Continuing Disclosure Agreement, opinions of counsel to the Municipalities, the Tax Certificate and certificates of the Issuer, the Trustee, the Municipalities and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein. In particular, we have relied on the opinions of MSBT Law, Chtd. and Hawley Troxell Ennis & Hawley LLP as bond counsel for the Municipalities (the "Special Counsel Opinions") regarding, among other matters, the validity of the Loan Agreements and the exclusion of interest on certain Loan Agreements relating to the Series 2021A Bonds (and the Municipal Bonds issued pursuant thereto) from gross income for federal income tax purposes.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution thereof by, and validity against, all parties other than the Issuer. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. In rendering the opinions expressed herein, we expressly have relied on the Special Counsel Opinions that, among other matters, the interest on the applicable Municipal Bonds funded from the proceeds of the Series 2021A Bonds is excluded from gross income for federal income tax purposes. We have not undertaken to verify independently and have assumed the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained herein. We have further assumed compliance with all covenants and agreements contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Continuing Disclosure Agreement, the Loan Agreements and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest on the Series 2021A Bonds to be included in gross income for federal income tax purposes, as applicable. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Tax Certificate, the Continuing Disclosure Agreement, the Resolution, the Trust Agreement and the Loan Agreements and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities of the State of Idaho. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any real or personal property described in or subject to the lien of the Trust Agreement or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Issuer is an independent public body corporate and politic of the State of Idaho duly organized and validly existing under the laws of Idaho with the full legal power and authority to issue the Bonds and to enter into the Trust Agreement, the Escrow Agreement,

the Continuing Disclosure Agreement and the Loan Agreements.

2. The Bonds and the Trust Agreement have been duly authorized, executed and delivered by the Issuer and constitute the valid and binding special, limited obligations of the Issuer, payable solely from the Trust Estate and any other additional source of funds not included in the Trust Estate if so provided in the Trust Agreement.

3. The Resolution was duly adopted by the Issuer, is in full force and effect and has not been amended, modified or superseded.

4. The interest on the Series 2021A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and the interest on the Bonds is exempt from State of Idaho personal income taxes. Interest on the Series 2021A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of such interest on, the Bonds.

This letter is furnished by us as bond counsel. No attorney-client relationship has existed or exists between our firm and the purchaser of the Bonds in connection with the Bonds or by virtue of this letter. Our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this letter. This letter is delivered to you as the Issuer of the Bonds, is solely for your benefit as such Issuer and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by any other party to whom it is not specifically addressed.

Very truly yours,

SKINNER FAWCETT LLP

Appendix C

Book-Entry Only System

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing

details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as

may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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Appendix D

Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Idaho Bond Bank Authority (the “Issuer”) and Zions Bancorporation, National Association (the “Dissemination Agent”) in connection with the issuance of the \$1,800,000 Refunding Revenue Bonds, Series 2021A and the \$34,090,000 Refunding Revenue Bonds, Series 2021B (Federally Taxable) (collectively, the “Bonds”). The Bonds are being issued pursuant to a Master Trust Agreement dated as of December 1, 2004 (the “Master Trust Agreement”), and a Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 between the Issuer and Zions Bancorporation, National Association as trustee (collectively with the Master Trust Agreement, the “Trust Agreement”). The Issuer covenants and agrees with the Dissemination Agent as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or dispose of ownership of any Bonds (including persons holding the Bonds through nominees, depositories or other intermediaries).

“Bonds” means the Issuer’s Refunding Revenue Bonds, Series 2021A and Refunding Revenue Bonds, Series 2021B (Federally Taxable).

“Disclosure Representative” shall mean the Executive Director of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Zions Bancorporation, National Association which also acts as Trustee for the Bonds or any successor Dissemination Agent designated in writing by the Issuer and which has filed with Zions Bancorporation, National Association, acting in its capacity as Trustee for the Bonds, a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board as provided for by the Securities and Exchange Commission and located at www.emma.msrb.org.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include

municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” means the Official Statement for the Bonds dated June 16, 2021.

“Owner” shall mean the registered owner or holder of the Bonds as designated in the registration books and records of the Issuer kept and maintained by the Bond Registrar.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board through EMMA at www.emma.msrb.org.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Trustee” means Zions Bancorporation, National Association as Trustee for the Bonds.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer’s Fiscal Year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2021, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent and the Trustee for the Bonds. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is unable to provide the Annual Report in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received the Annual Report or is unable by the date specified in Section 3(b) to verify that an Annual Report has been provided to the Repository by the date required in subsection (a) the Dissemination Agent shall send a notice to the Repository, in substantially the form as Exhibit “A” attached.

- (d) The Dissemination Agent (currently the Trustee) shall:
- (i) determine each year prior to the date for providing the Annual Report the name and address of the Municipal Securities Rulemaking Board and the Repository and file the Annual Report as provided in Section 3(a); and
 - (ii) file a report with the Issuer and the Trustee (in the event the Dissemination Agent is not the Trustee) certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing the Repository; and
 - (iii) file the annual report, notices of material listed events and other information received from the Municipality with the Repository pursuant to the Loan Agreement if the Municipality becomes an “obligated person” as provided in the Loan Agreement, and perform all obligations set forth for the Trustee and/or dissemination agent under the Loan Agreement. If the Trustee is replaced as Dissemination Agent under the Agreement and shall no longer continue to perform the obligations of the Dissemination Agent under this Agreement, then it shall also be replaced as dissemination agent under the Loan Agreement, if applicable.
- (e) Any filing or reporting under this Disclosure Agreement shall be made solely by transmitting such filing to EMMA as provided at <http://www.emma.msrb.org>.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or include by reference the following:

- (a) The financial statements for the Issuer for the most recently ended Fiscal Year, commencing with the Fiscal Year ended June 30, 2021. Such financial statements will be prepared in substantial conformance with generally accepted accounting principles applicable to governmental entities in the form required by the State of Idaho. The Issuer will also provide annual information for the State sales tax account as set forth in the tables under the heading “Security for the Series 2021A/B Bonds – State Sales Tax Revenues” of the Official Statement and identified below:
- (i) “Historical State Sales Tax Rates” – pg. 18;
 - (ii) “State of Idaho Taxable Sales and use Tax Sales” – pg. 18;
 - (iii) “Historical State Sales Tax Receipts” – pg. 19;
 - (iv) “State Tax and Revenue Anticipation Notes” – pg. 19.
- (b) The balance then remaining as of the end of the most recent Fiscal Year of the Issuer of the Surplus Fund and the Revenue Fund.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository. If the document included by reference is a final

official statement, it must be available from the Repository. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

- (a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, in a timely manner to the Repository not more than ten (10) Business Days after the event:
- (1) Principal and interest payment delinquencies;
 - (2) Nonpayment-related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (7) Modifications to rights of security holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;
 - (10) Release, substitution or sale of property securing repayment of the securities, if material;
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
 - (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Dissemination Agent shall, within one (1) Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events listed in 5(a) above, contact the Disclosure Representative, inform such person of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f). The Dissemination Agent shall have no duty or obligation to determine the materiality of a Listed Event or whether such Listed Event reflects financial difficulty.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event listed under 5(a) whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer has determined that knowledge of the occurrence of a Listed Event listed under 5(a) would be material under applicable federal securities laws, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b) the Issuer determines that a Listed Event listed under 5(a) would not be material under applicable federal securities laws, the Issuer shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence (prepared by the Issuer) with the Repository within ten (10) Business Days after the occurrence of the Listed Event.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If the Issuer is not the Dissemination Agent, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. The initial Dissemination Agent shall be the Trustee. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the Municipal

Securities Rulemaking Board and the Repository shall be prepared and provided to it by the Issuer. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the Issuer.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment reasonably requested by the Issuer to the extent that it does not adversely affect the Dissemination Agent's rights, protections or duties hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Trustee for the Bonds may (and, at the request of any Participating Underwriter or the Owners of at least 25% aggregate principal amount of Outstanding Bonds, and upon being indemnified to its satisfaction, shall), or any Owner or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have the same rights and protections hereunder as accorded to it in its role as trustee under the Trust Agreement.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Idaho Bond Bank Authority Office of the State Treasurer 304 N. 8 th Street, Suite 403 Boise, Idaho 83720-0091 Attn: Executive Director Telephone: (208) 332-2940 Fax: (208) 332-2961
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To the Trustee/ Dissemination Agent:	Zions Bancorporation, National Association 601 Union Street, Suite 3600 Seattle, WA 98101 Attn: Corporate Trust Telephone: (206) 438-1263 Fax: (855) 214-2352
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Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriters and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Fees. The Dissemination Agent shall be paid for its services by Authority from the Revenues as Dissemination Agent and reimbursed for its out-of-pocket expenses (including without limitation, legal fees and expenses) under this Disclosure Agreement and under the Loan Agreement.

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 16. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Idaho.

SECTION 17. Anti-Boycott Against Israel Certification. The Dissemination Agent, by entering into this Agreement, hereby certifies that it and its affiliates are not currently engaged in, or for the duration of this Agreement will not engage in, a boycott of goods or services from the State of Israel or territories under its control.

[Remainder of this page intentionally left blank]

Date: June 29, 2021.

IDAHO BOND BANK AUTHORITY,
as Issuer

By _____

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION,** as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT "A"

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Idaho Bond Bank Authority

Name of Bond Issue: Refunding Revenue Bonds, Series 2021A and Refunding Revenue Bonds,
Series 2021B (Federally Taxable)

Date of Issuance: June 29, 2021

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Master Trust Agreement dated as of December 1, 2004 and the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

Zions Bancorporation, National Association, as
Dissemination Agent on behalf of the Issuer

c: Issuer

Appendix E

Trust Agreement, Form Supplemental Trust Agreement, and Form Loan Agreements

Appendix E-1

Master Trust Agreement and Thirty-First Supplemental Trust Agreement

AMENDED
MASTER TRUST AGREEMENT

between the
IDAHO BOND BANK AUTHORITY
and
U.S. BANK NATIONAL ASSOCIATION,
Trustee

Dated as of December 1, 2004

RELATING TO
Idaho Bond Bank Authority
Revenue Bonds

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MASTER TRUST AGREEMENT

THIS MASTER TRUST AGREEMENT dated as of December 1, 2004 (the "Trust Agreement"), by and between the IDAHO BOND BANK AUTHORITY (the "Authority"), an independent public body corporate and politic, and U.S. BANK NATIONAL ASSOCIATION, a banking corporation duly organized and existing under the laws of the United States of America, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the "Act");

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including but not limited to loans to municipalities;

WHEREAS, to provide for the authentication and delivery of the Bonds from time to time (as hereinafter defined), to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the full and timely payment of the principal thereof and premium, if any, and interest thereon, the Authority has authorized the execution and delivery of this Trust Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Trust Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Trust Agreement;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that in order to secure the full and timely payment of the principal of, premium, if any, and the interest on all Bonds at any time issued and outstanding under this Trust Agreement, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Bond Owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective Bond Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; EQUAL SECURITY -

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes hereof and of any Supplemental Trust Agreement and of any certificate, opinion, request or other document herein or therein mentioned have the meanings herein specified, unless otherwise defined in such other document.

Accreted Value

The term "Accreted Value" means, with respect to any Capital Appreciation Bond and as of any date of calculation, the sum of the Initial Amount of such Bond and the interest accreted and compounded thereon to such date of calculation determined by reference to the applicable Accreted Value Table for the dates indicated thereon and as provided in this Trust Agreement with respect to any other date.

Accreted Value Table

The Term "Accreted Value Table" means, with respect to the Capital Appreciation Bonds, the table attached to the Supplemental Trust Agreement authorizing such Bonds, indicating as to the smallest Authorized Denomination of such Capital Appreciation Bonds, the Initial Amount thereof, the Accreted Value of such Capital Appreciation Bonds on each date on which interest on such Capital Appreciation Bonds is compounded, and the Accreted Value thereof on the maturity date thereof.

Act

The term "Act" means the Idaho Bond Bank Authority Act, being Idaho Code, Title 67, Chapter 87, as amended.

Additional Bonds

The term "Additional Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant hereto and executed, issued and delivered in accordance with Article III.

Aggregate Debt Service

The term "Aggregate Debt Service" shall mean, for all Sales Tax Secured Debt for such period, as of any date of calculation and with respect to any period, the sum of: (1) the interest falling due on such Sales Tax Secured Debt during such period (except to the extent that such interest is payable from the proceeds of such Sales Tax Secured Debt set aside for such purpose), and (2) the principal (or mandatory sinking fund or installment purchase price or lease rental or similar) payments or deposits required with respect to such Sales Tax Secured Debt during such period; computed on the assumption that no portion of such Sales Tax Secured Debt shall cease to be outstanding during such period except by reason of the application of such scheduled payments; provided that if interest on Sales Tax Secured Debt is payable pursuant to a variable interest rate formula, the interest rate on such Sales Tax Secured Debt for periods when the actual interest rate cannot be yet determined shall be assumed to be equal to the greater of (a) the current interest rate calculated pursuant to the provisions of such agreement or, (b) if available, the daily average interest rate on such Sales Tax Secured Debt during the preceding thirty-six (36) months preceding the date of calculation, (c) if such Sales Tax Secured Debt has not been outstanding for such 36-month period, such daily average interest rate on comparable debt of a state or political subdivision of a state which debt is then rated by a nationally recognized bond rating agency with a rating similar to the rating on such Sales Tax Secured Debt, or (d) the maximum rate established by any borrowing document authorizing the variable rate debt.

Authority

The term "Authority" means the Idaho Bond Bank Authority created pursuant to the Act and its successors and assigns in accordance herewith.

Authorized Denominations

The term "Authorized Denominations" means the amount or amounts so designated in the Supplemental Trust Agreement authorizing such Bonds.

Authorized Representative

The term "Authorized Representative" means the Executive Director, Secretary or Treasurer of the Authority, or any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

*Amended as of 8/1/11 to add definition set forth on attached page 3a.

Bond Counsel

The term "Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

Bond Insurance Policy

The term "Bond Insurance Policy" means any policy or policies of insurance or financial guaranty bond insuring the scheduled payment of the principal of and interest on the Bonds when due and issued by the Bond Insurer.

Bond Insurer

The term "Bond Insurer" means any insurance company or companies which has or have issued any Bond Insurance Policy insuring the scheduled payment of the principal of and interest on any Outstanding Bonds or portion thereof when due.

Bonds

The term "Bonds" means the Series 2004A Bonds and all Additional Bonds.

Bond Owner; Holder

The term "Bond Owner" or "Holder" means any person who shall be the registered owner of any Outstanding Bond.

Business Day

The term "Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or State of Idaho are authorized to remain closed, or a day on which the Federal Reserve system is closed.

Pursuant to Section 16.01 of the Fifteenth Supplemental Trust Agreement dated as of August 1, 2011, Section 1.01 of the Master Trust Agreement was amended by adding the following definition:

"Bond Bank Authority Fund" means the Bond Bank Authority Fund created in the State Treasury under Section 67-8716, Idaho Code, as amended.

Capital Appreciation Bonds

The term "Capital Appreciation Bonds" means the Bonds of each Series so designated and which bear interest payable as a portion of the Accreted Value of such Bonds at the maturity or earlier redemption or payment thereof.

Certificate of the Authority

The term "Certificate of the Authority" means an instrument in writing signed by the Executive Director, Secretary or Treasurer of the Authority, or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

Code

The term "Code" means the Internal Revenue Code of 1986, as amended.

Continuing Disclosure Agreement

The term Continuing Disclosure Agreement means that certain Continuing Disclosure Agreement executed by the Authority dated the date of issuance and delivery of a Series of Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Costs of Issuance

The term "Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, execution and delivery of this Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, premiums of any provider of Bond Insurance, fees and charges for preparation, execution and safekeeping of the Bonds, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

Costs of Issuance Fund

The term "Costs of Issuance Fund" means the fund by that name established pursuant to Section 5.01.

Current Interest Bonds

The term "Current Interest Bonds" means the Bonds of each Series so designated and which bear interest payable on the Interest Payment Dates applicable to such Series.

Depository

The term "Depository" means DTC or another recognized securities depository selected by the Authority which maintains a book-entry system for the Bonds.

DTC

The term "DTC" means The Depository Trust Company, New York, New York.

Event of Default

The term "Event of Default" shall have the meaning specified in Section 8.01.

Final Compounded Amount

The term "Final Compounded Amount" means, with respect to any Capital Appreciation Bond, the Accreted Value thereof on its maturity date.

Financial Newspaper

The term "Financial Newspaper" means The Wall Street Journal or The Bond Buyer, or any other newspaper or journal printed in the English language, publishing financial news, and selected by the Authority.

Fiscal Year

The term "Fiscal Year" means the twelve (12) month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

Funded Debt

The term "Funded Debt" shall mean all Indebtedness of Authority secured by a Parity Lien.

Government Securities

The term "Government Securities" means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations the timely payment of which is guaranteed directly by the United States of America, including evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations; provided that investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; (c) the underlying obligations are not redeemable prior to maturity, and (d) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not

available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

Indebtedness

The term "Indebtedness" mean bonds, notes or other obligations of the Authority issued pursuant to the Act.

Independent Certified Public Accountant

The term "Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom --

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority; and

(3) is not connected with the Authority as a member, officer or employee of the Authority, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority.

Information Services

The term "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, NJ 17302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, NY 10006; Moody's Investors Service's "Municipal and Government," 99 Church Street, 8th Floor, New York, NY 10007, Attention: Municipal News Reports; and Standard & Poor's Ratings Group's "Called Bond Record," 25 Broadway, 3rd Floor, New York, NY 10004; or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or such services as the Authority may designate in a Certificate of the Authority delivered to the Trustee.

Initial Amount

The term "Initial Amount" means, with respect to any Capital Appreciation Bond, the Accreted Value of such Capital Appreciation Bond on the date of issuance thereof.

Interest Payment Date

The term "Interest Payment Date" means with respect to the Bonds of any Series, the interest payment dates for such Series specified in the Supplemental Trust Agreement authorizing the issuance of such Series.

Maturity Amount

The term "Maturity Amount" shall mean, (i) with respect to a Capital Appreciation Bond, the Final Compounded Amount thereof, and (ii) with respect to a Current Interest Bond, the stated principal amount thereof.

Moody's

The term "Moody's" means Moody's Investors Service, Inc. a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

Municipal Bonds

The term "Municipal Bonds" means a bond, note, or other obligation, including a loan, lease or installment sales agreement, issued or undertaken by a Municipality for any purpose authorized by law, as specified in a Supplemental Trust Agreement.

Municipal Bond Purchase Fund

The term "Municipal Bond Purchase Fund" means the fund by that name established pursuant to Section 5.01.

Municipality

The term "Municipality" means any county, city, municipal corporation, school district, irrigation district, sewer district, water district, highway district or other special purpose district or political subdivision of the State established by law as set forth in a Supplemental Trust Agreement.

Opinion of Bond Counsel

The term "Opinion of Bond Counsel" means a written opinion of Bond Counsel.

Outstanding

The term "Outstanding," when used as of any particular time with reference to Bonds, means all Bonds except

- (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (2) Bonds paid or deemed to have been paid within the meaning of Section 12.01; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant hereto.

Parity Lien

The term "Parity Lien" means any pledge, lien, security interest, encumbrance or charge of any kind on or in all or any part of the Revenues which is equal and ratable to the lien of this Trust Agreement on or in such Revenues.

Paying Agent

"Paying Agent," when used with reference to any Series of Bonds, means any commercial bank (including the Trustee and its affiliates) or trust company organized under the laws of any state of the United States of America, or any national banking association, designated as paying agent for the Bonds of such Series, and its successor or successors appointed in the manner provided in this Trust Agreement.

Payment Date

The term "Payment Date" means the date on which interest, Principal Installments or Redemption Price is due on Bonds.

Permitted Investments

The term "Permitted Investments", except as otherwise provided in a Supplemental Trust Agreement delivered in connection with the issuance of a Series of Bonds, means any of the following:

(a) Bonds, treasury bills, interest-bearing notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) General obligation or revenue bonds of the State, or those for which the faith and credit of the State are pledged for the payment of principal and interest.

(c) General obligation or revenue bonds of any county, city, metropolitan water district, municipal utility district, school district or other taxing district of the State.

(d) Notes, bonds, debentures, or other similar obligations issued by the farm credit system or institutions forming a part thereof under the Farm Credit Act of 1971 (U.S.C., Title 12, Sections 2001-2259) and all acts of Congress amendatory thereof or supplementary thereto; in bonds or debentures of the federal home loan bank board established under the Federal Home Loan Bank Act (U.S.C., Title 12, Sections 1421-1449); in bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act (U.S.C., Title 12, Sections 1701-1750g) as amended, and in the bonds of any federal home loan bank established under said act and in other obligations issued or guaranteed by agencies or instrumentalities of the government of the State or of the United States, including the United States Small Business Administration guaranteed portion of any loan approved by an State banking corporation and by the State Treasurer.

(e) Bonds, notes or other similar obligations issued by public corporations of the State including, but not limited to, the Idaho State Building Authority, the Idaho Housing Authority and the Idaho Water Resource Board, but such investment shall not extend beyond seven (7) days.

(f) Repurchase agreements covered by any legal investment for the State.

(g) Tax anticipation notes and registered warrants of the State.

(h) Tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the State.

(i) Time deposit accounts and savings accounts in state depositories including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.

(j) Time deposit accounts and savings accounts of state or federal savings and loan associations located within the geographical boundaries of the state in amounts not to exceed the insurance provided by the federal savings and loan insurance corporation including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.

(k) Revenue bonds of institutions of higher education of the State.

(l) Share, savings and deposit accounts of state and federal credit unions located within the geographical boundaries of the State in amounts not to exceed the insurance provided by the national credit union share insurance fund and/or any other authorized deposit guaranty corporation, including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.

(m) Money market funds, including those funds for which the Trustee or an affiliate of the Trustee serves as investment adviser, custodian, servicing agent or administrator, whose portfolios consist of any allowed investment as specified in this definition. The securities held in money market portfolios must be dollar-denominated, meaning that all principal and interest payments on such a security are payable to security holders in United States dollars.

(n) Any investments permitted by a Supplemental Trust Agreement and approved by the Rating Agencies.

Person

The term "Person" means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Amount

The term "Principal Amount" means, as of any date of calculation, (i) with respect to any Capital Appreciation Bond, the Accreted Value thereof as of such date of calculation, and (ii) with respect to any Current Interest Bond, the stated principal amount thereof.

Principal Installment

The term "Principal Installment" means, with respect to amounts due for the Bonds of any Series as of any date, (i) the Principal Amount of all Outstanding Bonds of such Series due on such date for which no Sinking Fund Installments have been established, and (ii) the Sinking Fund Installments due on such date for Outstanding Bonds of such Series.

Principal Office

The term "Principal Office" refers to the office of the Trustee noted in Section 13.12, except that for payments on Bonds and any exchange, transfer or surrender of Bonds, the Principal Office shall be U.S. Bank National Association, 60 Livingston Avenue, Bond Drop Window, EP-MN-WS3T, St. Paul, Minnesota 55107, or such other or additional offices as the Trustee may designate from time to time.

Principal Payment Date

The term "Principal Payment Date" means with respect to the Bonds of any Series, the principal payment date for such Series specified in the Supplemental Trust Agreement

authorizing the issuance of such Series, which shall be any date on which principal of the Bonds is required to be paid (whether by reason of maturity or redemption).

Rating Agencies

The term "Rating Agencies" means, as of any date, (a) Moody's, if Moody's then maintains a rating on the Bonds, and (b) S&P, if S&P then maintains a rating on the Bonds.

Rating Category

The term "Rating Category" means one of the general long-term (or short-term, if so specifically provided) rating categories of either Moody's and S&P, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

Rebate Fund

The term "Rebate Fund" means the fund by that name established pursuant to 7.03.

Record Date

The term "Record Date" means with respect to the payment of interest on any Series of Bonds, the date or dates specified as such in the Supplemental Trust Agreement authorizing such Series.

Redemption Date

The term "Redemption Date" means the date fixed for redemption of any Bonds.

Redemption Price

The term "Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Trust Agreement.

Representation Letter

The term "Representation Letter" means the blanket letter of representation of the Authority to DTC or any similar letter to a substitute depository.

Responsible Officer

The term "Responsible Officer" means any officer of the Trustee assigned to administer its duties under this Trust Agreement.

Revenue Fund

The term "Revenue Fund" means the Fund so designated established pursuant to Section 5.01.

Revenues

The term "Revenues" means (i) all amounts payable to the Authority pursuant to the Municipal Bonds, (ii) all investment earnings thereon, (iii) moneys received by the Authority pursuant to Section 67-8727, Idaho Code, (iv) any State Sales Tax Revenues, and (v) all other moneys received by the Authority and designated by the Authority as Revenues. The designation by the Authority of any moneys as Revenue shall specify in which fund, account or subaccount the moneys shall be deposited.

Sales Tax Secured Debt

"Sales Tax Secured Debt" means the Bonds, any Additional Bonds, Funded Debt, bonds outstanding on the effective date of the Act secured by State Sales Tax Moneys but not including tax anticipation notes issued by the State of Idaho pursuant to Section 63-3202, Idaho Code.

Securities Depositories

The term "Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, NY 11530, Fax: (516) 227-4039 or -4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, IL 60605, Fax: (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, PA 19103, Attention: Bond Department, Fax: (215) 496-5058; or such other addresses and/or such other securities depositories as the Authority may designate to the Trustee.

Serial Bonds

The term "Serial Bonds" means Bonds for which no sinking fund payments are provided.

Series

The term "Series," whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

Series 2004A Bonds

The term "Series 2004A Bonds" means the Idaho Bond Bank Authority Revenue Bonds, Series 2004A, authorized by, and at any time Outstanding pursuant to, this Trust Agreement.

Sinking Fund Installment

The term "Sinking Fund Installment" means an amount so designated which is established pursuant to Section 3.04(d) of this Trust Agreement with respect to any Series of Bonds other than the Series 2004A Bonds, which shall be as provided in a Supplemental Trust Agreement.

S&P

The term "S&P" means Standard & Poor's Ratings Group, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term S&P shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

State

The term "State" means the State of Idaho.

State Sales Tax Act

"State Sales Tax Act" means Idaho Code, Title 63, Chapter 36, as amended.

State Sales Tax Moneys

"State Sales Tax Moneys" means the moneys collected by the State pursuant to the State Sales Tax Act.

State Sales Tax Revenues

"State Sales Tax Revenues" means the moneys transferred to the Authority from State sales taxes as provided in Section 63-3638 of the State Sales Tax Act and Section 67-8716 of the Act.

Subordinated Indebtedness

The term "Subordinated Indebtedness" means any bond, note or other evidence of indebtedness, which is expressly made subordinate and junior in right of payment to the Bonds and which complies with the provisions of Section 3.06 of this Trust Agreement. Any such Subordinated Indebtedness shall not be nor be deemed to be Bonds for purposes of this Trust Agreement.

Subordinated Indebtedness Fund

The term "Subordinated Indebtedness Fund" means the Fund so designated established pursuant to Section 5.01.

Subordinated Indebtedness Trust Agreement

The term "Subordinated Indebtedness Trust Agreement" means the resolution, indenture, trust agreement or other instrument authorizing the issuance of any Subordinated Indebtedness.

Supplemental Trust Agreement

The term "Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory hereof or supplemental hereto; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions hereof.

Surplus Fund

The term "Surplus Fund" means the Fund so designated established pursuant to Section 5.01.

Tax Certificate

The term "Tax Certificate" means the Tax Certificate delivered by the Authority at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

Term Bonds

The term "Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

Trust Agreement

The term "Trust Agreement" means this Master Trust Agreement, dated as of December 1, 2004 between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions hereof.

Trustee

The term "Trustee" means U.S. Bank National Association, or any other association or corporation which may at any time be substituted in its place as provided in Section 9.01.

Trust Estate

The term "Trust Estate" means, subject only to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein: (i) the Revenues and (ii) all amounts on deposit in the funds and accounts held and maintained pursuant to this Trust Agreement including the investments, if any, thereof.

Written Request of the Authority

The term "Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its Executive Director, Secretary, Treasurer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Authority for that purpose.

SECTION 1.02. Equal Security. In consideration of the acceptance of the Bonds by the Bond Owners thereof, this Trust Agreement shall be deemed to be and shall constitute a contract among the Authority, the Trustee and the Bond Owners from time to time of all Bonds authorized, executed, issued and delivered hereunder and then Outstanding to secure the full, timely and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds which may from time to time be authorized, executed, issued and delivered hereunder, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of all Bond Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

Nothing in this Trust Agreement shall be deemed to preclude the Authority from providing, and the Authority is hereby expressly authorized to provide in this Trust Agreement, including a Supplemental Trust Agreement authorizing a Series of Bonds, for the payment and security of any Series of Bonds, or of any Bonds within a Series, from any additional source of funds not included in the Trust Estate, including without limitation, the Idaho Bond Bank Reserve Fund established pursuant to Section 67-8713, Idaho Code.

SECTION 1.03. Interpretation. (a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean or include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

ARTICLE II

THE BONDS

SECTION 2.01. Authorization of Bonds. (a) Bonds may be issued hereunder from time to time in order to obtain moneys to carry out the purposes of the Authority. The maximum principal amount of Bonds which may be issued hereunder is not limited. The Bonds are designated generally as "Idaho Bond Bank Authority Revenue Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds may be issued in such Series as from time to time shall be established and authorized by the Authority, subject to the covenants, provisions and conditions herein contained.

(b) The Bonds of each Series shall bear interest, if any, at such rate or rates or determined in such manner and payable at such intervals as may be determined by the Authority at the time of issuance thereof pursuant to the Supplemental Trust Agreement under which issued, not to exceed the maximum rate of interest permitted by law, and shall mature and become payable on such date or dates and in such year or years as the Authority may determine by the Supplemental Trust Agreement creating such Series. Principal of and interest on such Bonds shall be payable in such manner as may be specified in the Supplemental Trust Agreement creating such Series. The Bonds of each Series shall be issued in such denominations as may be authorized by the Supplemental Trust Agreement creating such Series.

(c) The validity of the issuance of the Bonds shall not be dependent on or affected in any way by the proceedings taken by the Authority for the purchase of Municipal Bonds or by any contracts made by the Authority or its agents in connection therewith, and shall not be dependent upon the performance by any person, firm or corporation of his or its obligation with respect thereto. The recital contained in the Bonds that the same are issued pursuant to the Act and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance, and all Bonds shall be incontestable from and after their issuance. The Bonds shall be deemed to be issued, within the meaning hereof, whenever the definitive Bonds (or any temporary Bonds exchangeable therefor) shall have been delivered to the purchaser thereof and the proceeds of sale thereof received.

(d) Interest on any Bond shall cease to accrue (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided there has been irrevocably deposited with the Trustee an amount sufficient to pay the Redemption Price thereof, plus interest accrued thereon to such date. The Bond Owner of such Bond shall not be entitled to any other payment, and such Bond shall no longer be Outstanding and entitled to the benefits of this Trust Agreement, except for the payment of the principal amount or Redemption Price, of such Bond, as appropriate, from moneys held by the Trustee for such payment.

(e) The principal of the Bonds shall be payable by check in lawful money of the United States of America at the Principal Office of the Trustee. No payment of principal shall be made on any Bond unless and until such Bond is surrendered to the Trustee for cancellation.

(f) The Trustee shall identify all payments (whether made by check or by wire transfer) of interest, principal, and premium by CUSIP number of the related Bonds.

SECTION 2.02. Form of Bonds. The Bonds of any Series shall be in such form or forms as may be specified in the Supplemental Trust Agreement creating such Series.

SECTION 2.03. Execution of Bonds. The Executive Director of the Authority is hereby authorized and directed to execute each of the Bonds on behalf of the Authority and the Secretary of the Authority is hereby authorized and directed to countersign each of the Bonds on behalf of the Authority. The signatures of such Executive Director and Secretary may be by printed, lithographed or engraved by facsimile reproduction. In case any officer whose signature appears on the Bonds shall cease to be such officer before the delivery of the Bonds to the purchaser thereof, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery of the Bonds.

Except as otherwise provided in a Supplemental Trust Agreement, only those Bonds bearing thereon a certificate of authentication in the form hereinbefore recited, executed manually and dated by the Trustee, shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authorized, executed, issued and delivered hereunder and are entitled to the benefit, protection and security hereof.

SECTION 2.04. Transfer and Payment of Bonds. Any Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of Section 2.06 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of the same Series and maturity for a like aggregate principal amount of Authorized Denominations. The Trustee shall require the payment by the Bond Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may, except as otherwise provided herein, deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond shall be overdue or not, and neither the Authority nor the Trustee shall be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bond shall be made only to such registered owner, which payments shall be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

The Trustee shall not be required to register the transfer of or exchange any Bonds which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.03 or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.05. Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other authorized denominations. The Trustee shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. Unless otherwise provided in any Supplemental Trust Agreement, the Trustee shall not be required to exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.03 or during the period established by the Trustee for selection of Bonds for redemption.

SECTION 2.06. Bond Registration Books. Unless otherwise provided in any Supplemental Trust Agreement, the Trustee will keep at its office sufficient books for the registration and transfer of the Bonds, which during normal business hours shall be open to inspection by the Authority, and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as hereinabove provided.

SECTION 2.07. Mutilated, Destroyed, Stolen or Lost Bonds; Temporary Bonds. If any Bond shall become mutilated, the Trustee, at the expense of the Bond Owner, shall thereupon authenticate and deliver a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled.

If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Bond Owner, shall thereupon authenticate and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Bonds of the same Series secured by this Trust Agreement. Neither the Authority nor the Trustee shall be required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and replacement Bond shall be treated as one and the same.

The Bonds issued under this Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and may contain such reference to any of the provisions of this Trust Agreement as may be appropriate. Every temporary Bond shall be executed and authenticated as authorized by the Authority, in accordance with the terms

of the Act. If the Authority issues temporary Bonds it will execute and furnish definitive Bonds without delay and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee, and the Trustee shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Trust Agreement as definitive Bonds delivered hereunder.

SECTION 2.08. Special Covenants as to Book-Entry Only System for the Bonds. (a) Except as otherwise provided in subsections (b) and (c) of this Section and unless otherwise provided in the Supplemental Trust Agreement delivered in connection with such Series of Bonds, Bonds shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Bond registered in the name of Cede & Co. shall be made on each Interest Payment Date for such Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Bonds shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Bonds, representing the aggregate principal amount of the Bonds of such maturity. Upon initial issuance, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to Section 2.06 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bond Owners hereunder, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bond Owners of the Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent shall be affected by any notice to the contrary. Neither the Trustee nor the Authority or any paying agent shall have any responsibility or obligation to any "Participant" (which shall mean, for purposes of this Section, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bond Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds, (iii) any notice which is permitted or required to be given to Bond Owners of Bonds hereunder, (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or (v) any consent given or other action taken by DTC as Bond Owner of Bonds. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the payment of the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Bonds will be transferable to such new nominee in accordance with subsection (e) of this Section.

(c) In the event that the Authority determines that the Bonds should not be maintained in book-entry form, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, the Bonds will be transferable in accordance with subsection (e) of this Section. DTC may determine to discontinue providing its services with respect to the Bonds or a portion thereof, at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Bonds will be transferable in accordance with subsection (e) of this Section. If at any time DTC shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then this Section shall no longer be applicable and the Authority shall execute and the Trustee shall authenticate and deliver certificates representing the Bonds as provided below. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Bonds then Outstanding. In such event, the Bonds will be transferable to such securities depository in accordance with subsection (c) of this Section, and thereafter, all references in this Trust Agreement to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Trust Agreement to the contrary, so long as all Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Bond and all notices with respect to each such Bond shall be made and given, respectively, to DTC as provided in or pursuant to the Representation Letter.

(e) In the event that any transfer or exchange of Bonds is authorized under subsection (b) or (c) of this Section, such transfer or exchange shall be accomplished upon receipt by the Trustee from the registered owner thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.04 and 2.05. In the event Bond certificates are issued to Bond Owners other than Cede & Co., its successor as nominee for DTC as holder of all the Bonds, another securities depository as holder of all the Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.04 and 2.05 shall also apply to, among other things, the registration, exchange and transfer of the Bonds and the method of payment of principal of, premium, if any, and interest on the Bonds.

ARTICLE III

ISSUANCE OF BONDS

SECTION 3.01. Issuance of Bonds. Whenever the Authority shall determine to issue a Series of Bonds, the Authority (i) shall authorize the execution of a Supplemental Trust Agreement specifying the principal amount, and prescribing the forms of Bonds of such Series and providing the terms, conditions, distinctive designation, denominations, methods of numbering, date, maturity date or dates, interest rate or rates (or the manner of determining the

same), redemption provisions, tender provisions, if any, and any other provisions respecting the Bonds of such Series not inconsistent with the terms of this Trust Agreement, (ii) shall execute such Supplemental Trust Agreement and (iii) shall deliver such Supplemental Trust Agreement to the Trustee for execution.

SECTION 3.02. Application of Proceeds. Proceeds of each Series of Bonds shall be applied as specified in the Supplemental Trust Agreement pursuant to which such Series of Bonds is created.

SECTION 3.03. Use of Moneys in the Municipal Bond Purchase Fund. All moneys in the Municipal Bond Purchase Fund shall be withdrawn upon the Written Request of the Authority and applied to the purchase of Municipal Bonds. When all Municipal Bonds expected to be purchased from the proceeds of a Series of Bonds have been purchased, the Authority shall (1) deliver to the Trustee a certificate stating that all such costs of purchase and incidental expenses have been determined and paid; and (2) transfer any moneys remaining in the Municipal Bond Purchase Fund to the Revenue Fund.

SECTION 3.04. General Provisions for Issuance of Additional Bonds. All (but not less than all) of the Bonds of each Series shall be executed by the Authority for issuance under this Trust Agreement and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but with the exception of the 2004A Bonds, only upon the receipt by the Trustee of the following items (upon which the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Bonds have been satisfied):

(a) An executed copy of this Trust Agreement as originally executed and certified to be in full force and effect;

(b) An opinion of Bond Counsel to the effect that (i) the Trust Agreement constitutes the valid obligation of the Authority; and (ii) the Bonds of such Series constitute the valid and binding special, limited obligations of the Authority, payable solely from the Trust Estate and any other additional source of funds not included in the Trust Estate if so provided in this Trust Agreement or any Supplemental Trust Agreement;

(c) A written order of the Authority as to the delivery of such Bonds;

(d) An executed copy of the Supplemental Trust Agreement authorizing such Bonds, which shall, among other provisions, specify:

(i) the authorized Principal Amount of the Current Interest Bonds of such Series and the aggregate Initial Amounts for the Capital Appreciation Bonds of each maturity for such Series, and the Series designation of such Bonds;

(ii) the purpose or purposes for which such Series of Bonds is being issued, which shall be (1) to provide moneys needed to purchase Municipal Bonds, by depositing into the Municipal Bond Purchase Fund the proceeds of such Series to be so applied, (2) to refund all or part of the Bonds of any one or more Series then Outstanding pursuant to Section 3.5, or (3) to provide moneys needed to refund all or part of any other Funded

Debt, by depositing with the Trustee funds in the necessary amount to pay or otherwise discharge all liability of Authority with respect to such Funded Debt in accordance with the terms thereof;

(iii) the date, and the maturity date or dates, of the Bonds of such Series;

(iv) the interest rate or rates on the Current Interest Bonds of such Series, and the Interest Payment Dates therefor;

(v) the dates of compounding interest on the Capital Appreciation Bonds of such Series, together with an Accreted Value Table for such Capital Appreciation Bonds indicating the Initial Amount for the smallest Authorized Denomination for such Capital Appreciation Bonds, the Accreted Value thereof on each date for compounding interest, and the Final Compounded Amount thereof (which Accreted Value Table shall establish the Accreted Value of such Capital Appreciation Bonds for each of the dates indicated in such Accreted Value Table for all purposes of this Trust Agreement, including the payment of such Capital Appreciation Bonds and the Accreted Value thereof on each compounding date for purposes of determining the Accreted Value thereof between such compounding dates, and the Accreted Value of such Capital Appreciation Bonds for any date not indicated on such Accreted Value Table shall be determined by computing and compounding interest in accordance with the Supplemental Trust Agreement authorizing such Capital Appreciation Bonds);

(vi) Authorized Denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series;

(vii) the Redemption Price or Prices, if any, and the redemption terms for the Bonds of such Series;

(viii) the Sinking Fund Installments, if any, for the Bonds of such Series, provided that each Sinking Fund Installment, if any, shall fall upon an Interest Payment Date for such Bonds;

(ix) whether the Bonds of such Series are to be registered in the name of a Securities Depository, or its nominee, and any provisions appropriate or necessary with respect to the arrangements made with the Securities Depository for such Bonds in the applicable Representation Letter;

(x) the application of the proceeds of the sale of such Bonds including the amount, if any, to be deposited in the Funds and Accounts; and

(xi) the forms of the Bonds of such Series and of the Trustee's certificate of authentication thereon;

(e) A certificate of an Authorized Representative stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Trust Agreement and applicable to the Authority; provided, however, that in the case of Refunding Bonds such certificate may state that upon the application of the proceeds of

such Refunding Bonds in accordance with the Supplemental Trust Agreement authorizing their issuance, the Authority shall not be in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Trust Agreement and applicable to the Authority;

(f) A Certificate of the Authority stating that the amount of State Sales Tax Moneys collected by the State during the most recent Fiscal Year for which audited financial statements are available is at least equal to 300% of the Aggregate Debt Service for the Sales Tax Secured Debt (including the Additional Bonds) for the Fiscal Year next succeeding the Fiscal Year in which Additional Bonds are issued; and

(g) With respect to any Series of Refunding Bonds and in lieu of satisfying the requirements of clause (f), a certificate of an Authorized Representative to the effect that the principal and interest payable on all Outstanding Bonds in each Fiscal Year after the issuance of such Refunding Bonds, and the application of the proceeds thereof to the refunding of Bonds, shall not be greater than the principal and interest payable on all Outstanding Bonds immediately prior to the issuance of such Refunding Bonds.

(h) In the case of a Series of Bonds issued for the purposes described in subsection (d)(ii)(3) herein, written evidence that all actions and conditions required precedent to the discharge of the Funded Debt to be refunded have been taken or exist in accordance with the terms of such Funded Debt.

SECTION 3.05. Refunding Bonds.

(a) One or more Series of Refunding Bonds may be issued, authenticated and delivered upon original issuance to refund all Outstanding Bonds of one or more Series or all or any Outstanding Bonds within a Series. Refunding Bonds shall be issued in a Principal Amount sufficient, together with other moneys available therefor, to accomplish such refunding including providing amounts for the Costs of Issuance of such Refunding Bonds and the making of any deposits into the Funds and Accounts required by the provisions of the Supplemental Trust Agreement authorizing such Series of Refunding Bonds.

(b) Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee (in addition to the documents required by Section 3.04) of the following items (upon which receipt the Trustee may conclusively rely in determining whether the conditions precedent for the issuance and authentication of such Series of Refunding Bonds have been satisfied):

(i) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption, on a redemption date or dates specified in such instructions, of any of the refunded Bonds to be redeemed prior to maturity;

(ii) Irrevocable instructions to the Trustee, satisfactory to it, to give the notice provided for in Section 12.01 to the Owners of the Bonds being refunded, if applicable; and

(iii) Either (i) sufficient moneys, or (ii) Government Securities in such principal amounts, of such maturities, bearing interest at such rate or rates, and otherwise having such terms and qualifications so that the principal, interest and other payments to be made thereunder shall provide sufficient moneys, or (iii) a combination of (i) and (ii) shall provide sufficient moneys, in each case, as evidenced by a Certificate of an Independent Certified Public Account, to effect payment at the applicable Redemption Price of the refunded Bonds to be redeemed, the purchase price of refunded Bonds tendered for purchase, and of the Principal Amount of refunded Bonds not to be redeemed or purchased, together with accrued interest on such Current Interest Bonds to the redemption, purchase, or maturity date or dates, as the case may be, which moneys and Government Securities shall be held by the Trustee in a separate account irrevocably in trust for the respective Owners of the Bonds to be refunded.

SECTION 3.06. Subordinated Indebtedness.

(a) The Authority may, at any time or from time to time, issue Subordinated Indebtedness for any purpose of the Authority, subject to the terms and conditions of this Section. Such Subordinated Indebtedness may be payable out of and may be secured by a pledge of Revenues and such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor, provided that any such payment and pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the payment of the Bonds and the payments required to be made before the payments into the Subordinated Indebtedness Fund pursuant to Section 5.04 and to the lien of the pledge made pursuant to this Trust Agreement as security for the Bonds, and provided further that, except in the case of Subordinated Indebtedness the proceeds of which will be used to refund or pay Outstanding Bonds or Subordinated Indebtedness, no such Subordinated Indebtedness may be so issued except upon receipt by the Trustee of a certificate of an Authorized Representative stating that the Authority is not, and will not as the result of the issuance of such Subordinated Indebtedness be, in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Trust Agreement.

(b) The Subordinated Indebtedness Trust Agreement authorizing each issue of Subordinated Indebtedness shall contain provisions (which shall be binding on all holders of such Subordinated Indebtedness) not more favorable to the holders of such Subordinated Indebtedness than the following:

(i) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to the Authority or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Authority, whether or not involving insolvency or bankruptcy, the Owners of all Bonds then Outstanding shall be entitled to receive payment in full of the entire Principal Amount or Redemption Price of and all interest due on such Bonds in accordance with the provisions of this Trust Agreement before the holders of the Subordinated Indebtedness are entitled to receive any payment from the Subordinated Indebtedness Fund on account of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(ii) In the event that any issue of Subordinated Indebtedness is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (i) above shall not be applicable), the Owners of all Bonds Outstanding at the time such Subordinated Indebtedness so becomes due and payable because of the occurrence of such an event of default shall be entitled to receive payment in full of the entire Principal Amount or Redemption Price of and all interest on all such Bonds before the holders of the Subordinated Indebtedness are entitled to receive any accelerated payment from the Subordinated Indebtedness Fund of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(iii) If any Event of Default with respect to the Bonds shall have occurred and be continuing (under circumstances when the provisions of (i) above shall not be applicable), the Owners of all Bonds then Outstanding shall be entitled to receive payment in full of the entire Principal Amount or Redemption Price of and all interest on all such Bonds as the same become due and payable before the holders of the Subordinated Indebtedness are entitled to receive, subject to the provisions of (v) below, any payment from the Subordinated Indebtedness Fund of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(iv) Neither the Trustee nor any Owner shall be prejudiced in its right to enforce the subordination of the payment of Subordinated Indebtedness from the moneys in the Subordinated Indebtedness Fund by any act or failure to act on the part of the Authority.

(v) The Subordinated Indebtedness may provide that provisions (i), (ii), (iii) and (iv) above are solely for the purpose of defining the relative rights of the Owners of the Bonds on the one hand, and the rights of the holders of Subordinated Indebtedness on the other hand, and that nothing therein shall impair, as between the Authority and the holders of the Subordinated Indebtedness, the obligation of the Authority to pay the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with the terms of such Subordinated Indebtedness, nor shall anything therein prevent the holders of the Subordinated Indebtedness from exercising all remedies otherwise permitted by applicable law or under the Subordinated Indebtedness or the applicable Subordinated Indebtedness Trust Agreement upon default thereunder, subject to the rights under (i), (ii), (iii) and (iv) above of the Owners of the Bonds to receive cash or securities from the Subordinated Indebtedness Fund otherwise payable or deliverable to the holders of the Subordinated Indebtedness; and the Subordinated Indebtedness may provide that, insofar as a trustee or paying agent for such Subordinated Indebtedness is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Indebtedness if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(c) Any issue of Subordinated Indebtedness may have such rank or priority with respect to any other issue of Subordinated Indebtedness as may be provided in the Subordinated

Indebtedness Trust Agreement securing such issue of Subordinated Indebtedness and may contain such other provisions as are not in conflict with the provisions of this Trust Agreement.

(d) The Trustee shall not be deemed to owe any fiduciary duty to the holders of Subordinated Indebtedness and shall not be liable to such holders if it shall mistakenly pay over or transfer to Owners of Bonds, the Authority, or any other person, moneys to which any holder of Subordinated Indebtedness shall be entitled by virtue of this Section or otherwise, provided, however, that the Trustee shall not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct. The Trustee shall not be deemed to have knowledge of the terms and conditions of any Subordinated Indebtedness Trust Agreement and may conclusively rely on written directions and requests signed by an Authorized Representative in making any deposit to or transfer from the Subordinated Indebtedness Fund. Notwithstanding any of the provisions of this Section or any other provision of this Trust Agreement, the Trustee shall not at any time be charged with the knowledge of the existence of any facts which would prohibit the making of any payment of moneys in respect of Subordinated Indebtedness or any default in the payment of the principal, premium, if any, or interest on any Subordinated Indebtedness, unless and until the Trustee shall have received written notice thereof at its principal corporate trust office from the Authority, or, so long as any Bonds remain Outstanding, from the holders of at least ten percent (10%) in principal amount of any class or category of any Subordinated Indebtedness or any trustee therefor.

ARTICLE IV

REDEMPTION OF BONDS

SECTION 4.01. Terms of Redemption. Each Series of Bonds may be made subject to mandatory or optional redemption prior to their respective stated maturities, as a whole or in part, at such time or times, upon such terms and conditions and upon such notice and with such effect as may be provided in the Supplemental Trust Agreement creating such Series of Bonds.

SECTION 4.02. Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Bonds so selected for redemption. For purposes of such selection, Bonds shall be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event Term Bonds are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

SECTION 4.03. Notice of Redemption; Cancellation; Effect of Redemption. Unless otherwise specified in a Supplemental Trust Agreement, notice of redemption shall be mailed by first-class mail by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the redemption date to (i) the respective Bond Owners of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, (ii) the Securities Depositories and (iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services shall be given by registered mail or

overnight delivery or facsimile transmission or by such other method acceptable to such institutions. Each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the Series, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Bonds the redemption price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect in such notice shall not invalidate any of the proceedings taken in connection with such redemption.

The Authority may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

If notice of redemption has been duly given as aforesaid or as otherwise specified in a Supplemental Trust Agreement, and money for the payment of the redemption price of the Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Bonds shall cease to accrue, and the Bond Owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

All Bonds redeemed pursuant to the provisions of this Article shall be cancelled by the Trustee and shall be destroyed with a certificate of destruction furnished to the Authority upon its request and shall not be reissued.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

*Section 5.01 amended as of 8/1/11 as set forth on attached page 27a.

SECTION 5.01. Fund and Accounts. There are hereby established the following Funds and Accounts:

- (a) Municipal Bond Purchase Fund, held by the Trustee,
- (b) Costs of Issuance Fund, held by the Trustee,
- (c) Revenue Fund including the Principal Account and Interest Account, held by the Trustee,
- (d) Subordinated Indebtedness Fund, held by the Trustee, and
- (e) Surplus Fund, held by the Authority.

Pursuant to Section 16.04 of the Fifteenth Supplemental Trust Agreement dated August 1, 2011, Section 5.01 of the Master Trust Agreement was amended to read as follows:

SECTION 5.01. Fund and Accounts. There are hereby established the following Funds and Accounts:

- (a) Municipal Bond Purchase Fund, held by the Trustee,
- (b) Costs of Issuance Fund, held by the Trustee,
- (c) Revenue Fund including the Principal Account and Interest Account and accounts for each Municipality (the "Revenue Fund Municipality Accounts") as further described herein, held by the Trustee,
- (d) Subordinated Indebtedness Fund, held by the Trustee, and
- (e) Surplus Fund, held by the Authority.

*Section 5.02 amended as of 8/1/11 as set forth on attached page 28a.

SECTION 5.02. Application of Revenues: Flow of Funds. (a) All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Rebate Fund created pursuant to Section 7.03) are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds as provided herein, and the Revenues and other amounts pledged hereunder shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and lien upon the Revenues, which pledge of and charge and lien upon the Revenues is on a parity with any pledge of and charge and lien of Funded Debt, and all other moneys on deposit in the funds and accounts established hereunder (excluding amounts on deposit in the Rebate Fund created pursuant to Section 7.03) for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof. The pledge of and charge and lien upon State Sales Tax Revenues, however, shall be subordinate to the bonds outstanding on the effective date of the Act secured by State Sales Tax Moneys and tax anticipation notes currently outstanding or subsequently issued pursuant to Section 63-3202, Idaho Code.

The Authority hereby assigns to the Trustee all of the Authority's right, title and interest in the Municipal Bonds as security for payment of the Bonds. All payments on the Municipal Bonds shall be paid directly by each Municipality to the Trustee. Moneys received by the Trustee attributable to a Municipality shall not be used in any manner (directly or indirectly) to make up any deficiency in repayment of any other Municipality's Municipal Bond.

(b) In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants that all Revenues and all other amounts pledged hereunder when and as received shall be received by the Authority in trust hereunder for the benefit of the Bond Owners and shall be transferred when and as received by the Authority to the Trustee for deposit in the Revenue Fund, which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain in trust for Bond Owners so long as any Bonds shall be Outstanding hereunder, subject to allocation required in the next sentence. The Authority shall also, from Revenues, pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Funded Debt, without preference or priority between transfers made pursuant to this sentence and the preceding sentence, on the dates specified in the issuing instrument relating to such Funded Debt, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest on Funded Debt in accordance with the terms of such Funded Debt.

(c) Subject to Section 5.04, all Revenues and all other amounts pledged hereunder shall be accounted for through and held in trust in the Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues and all other amounts pledged hereunder, whether received by the Authority in trust or deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

Pursuant to Section 16.04 of the Fifteenth Supplemental Trust Agreement dated August 1, 2011, Section 5.02 of the Master Trust Agreement was amended to read as follows:

SECTION 5.02. Application of Revenues: Flow of Funds. (a) All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established hereunder (other than amounts on deposit in the Rebate Fund created pursuant to Section 7.03) are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds as provided herein, and the Revenues and other amounts pledged hereunder shall not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted hereunder. This pledge shall constitute a pledge of and charge and lien upon the Revenues, which pledge of and charge and lien upon the Revenues is on a parity with any pledge of and charge and lien of Funded Debt, and all other moneys on deposit in the funds and accounts established hereunder (excluding amounts on deposit in the Rebate Fund created pursuant to Section 7.03) for the payment of the interest on and principal of the Bonds in accordance with the terms hereof and thereof. The pledge of and charge and lien upon State Sales Tax Revenues, however, shall be subordinate to the bonds outstanding on the effective date of the Act secured by State Sales Tax Moneys and tax anticipation notes currently outstanding or subsequently issued pursuant to Section 63-3202, Idaho Code.

The Authority hereby assigns to the Trustee all of the Authority's right, title and interest in the Municipal Bonds as security for payment of the Bonds. All payments on the Municipal Bonds shall be paid directly by each Municipality to the Trustee. Moneys received by the Trustee attributable to a Municipality shall not be used in any manner (directly or indirectly) to make up any deficiency in repayment of any other Municipality's Municipal Bond.

(b) In order to carry out and effectuate the pledge, charge and lien contained herein, the Authority agrees and covenants that all Revenues and all other amounts pledged hereunder when and as received shall be received by the Authority in trust hereunder for the benefit of the Bond Owners and shall be transferred when and as received by the Authority to the Trustee for deposit in the Revenue Fund, and therein to the applicable Revenue Fund Municipality Accounts, which fund is hereby created and which fund the Authority hereby agrees and covenants to maintain in trust for Bond Owners so long as any Bonds shall be Outstanding hereunder, subject to the allocation required in the next sentence. The Authority shall also, from Revenues, pay to the party entitled thereto or transfer or cause to be transferred to any applicable debt service or other payment fund or account for any Funded Debt, without preference or priority between transfers made pursuant to this sentence and the preceding sentence, on the dates specified in the issuing instrument relating to such Funded Debt, the sum or sums required to be paid or deposited in such debt service or other payment fund or account with respect to principal, premium, if any, and interest on Funded Debt in accordance with the terms of such Funded Debt.

(c) Subject to Section 5.04, all Revenues and all other amounts pledged hereunder shall be accounted for through and held in trust in the Revenue Fund, and the Authority shall have no beneficial right or interest in any of the Revenues except only as herein provided. All Revenues and all other amounts pledged hereunder, whether received by the Authority in trust or

deposited with the Trustee as herein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses hereinafter in this Article set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

(d) Within the Revenue Fund there shall be established separate, segregated accounts for each Series of Bonds and therein a sub account for each Municipality as described in Section 5.02(b) above.

(d) Within the Revenue Fund there shall be established separate, segregated accounts for each Series of Bonds.

*Section 5.03 amended as of 8/1/11 as set forth on attached page 29a.

SECTION 5.03. Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. (a) All money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund (each of which is hereby created and each of which the Authority hereby covenants and agrees to cause to be maintained) in the following order of priority:

- (1) Interest Account, and
- (2) Principal Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section.

(b) Interest Account. At least fifteen (15) days before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Interest Account that amount of money sufficient to pay the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(c) Principal Account. At least fifteen (15) days before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such Principal Payment Date, into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such Principal Payment Date.

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such Principal Payment Date plus the aggregate amount of all sinking fund payments required to be made on such Principal Payment Date for all Outstanding Term Bonds.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each maturity, designated as the "____ Sinking Account" (the "Sinking Account"), inserting therein the maturity (if more than one such account is established for the Bonds) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or

Pursuant to Section 16.04 of the Fifteenth Supplemental Trust Agreement dated August 1, 2011, Section 5.03 of the Master Trust Agreement was amended to read as follows:

SECTION 5.03. Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund (a) As further provided below in this Section 5.03, all money in the Revenue Fund shall be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund (each of which is hereby created and each of which the Authority hereby covenants and agrees to cause to be maintained) in the following order of priority:

- (1) Interest Account, and
- (2) Principal Account.

All money in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section.

(b) Interest Account. At least fifteen (15) days before each Interest Payment Date, the Trustee shall set aside from the Revenue Fund Municipality Accounts for each Series and deposit in the Interest Account that amount of money sufficient to pay the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date. Investment earnings on the amount transferred to the Interest Account accrued for the period from the said date of transfer to the Interest Payment Date shall be credited to the Revenue Fund Municipality Accounts for a Series of Bonds proportionate to the amount held in each such account on the transfer date as compared to the amount held in all such accounts for the Series of Bonds on such transfer date.

No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

All money in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(c) Principal Account. At least fifteen (15) days before each Principal Payment Date, the Trustee shall set aside from the Revenue Fund Municipality Accounts for each Series and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such Principal Payment Date, into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such Principal Payment Date. Investment earnings on the amount transferred to the Principal Account accrued for the period from the said date of transfer to the Principal Account shall be credited to the Revenue Fund Municipality Accounts for a Series of Bonds proportionate to the amount held in each such account on the transfer date as compared to the amount held in all such accounts for the Series of Bonds on such transfer date.

No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such Principal Payment

Date plus the aggregate amount of all sinking fund payments required to be made on such Principal Payment Date for all Outstanding Term Bonds.

The Trustee shall establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each maturity, designated as the "_____ Sinking Account" (the "Sinking Account"), inserting therein the maturity (if more than one such account is established for the Bonds) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee shall apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article IV; provided that, at any time prior to selection of Bonds for redemption, the Trustee may, upon the Written Request of the Authority, apply moneys in such Sinking Account to the purchase of Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the Authority, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such mandatory sinking account payment. If, during the twelve (12)-month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable, whether at maturity or redemption, except that any money in any Sinking Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created.

(d) The Trustee shall withdraw from the Revenue Fund and deposit in the Subordinated Indebtedness Fund the amount, if any, required to be deposited therein pursuant to each Subordinated Indebtedness Trust Agreement to pay the principal, redemption price, and purchase price of, and interest on, Subordinated Indebtedness which will accrue to the end of such month, and any amounts required to replenish any reserve fund with respect to such Subordinated Indebtedness, in such amounts as shall be specified in a written request signed by an Authorized Representative.

(e) On June 30 of each year, after making the deposits required by subsection (c) and subsection (d) of this Section, the Trustee may withdraw from the Revenue Fund and deposit in the Surplus Fund the balance, if any, of moneys remaining in the Revenue Fund.

payment at maturity, as the case may be) of Term Bonds of the maturity for which such Sinking Account was established, upon the notice and in the manner provided in Article IV; provided that, at any time prior to selection of Bonds for redemption, the Trustee may, upon the Written Request of the Authority, apply moneys in such Sinking Account to the purchase of Term Bonds of such maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the Authority, except that the purchase price (excluding accrued interest) shall not exceed the redemption price that would be payable for such Bonds upon redemption by application of such mandatory sinking account payment. If, during the twelve (12)-month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such maturity with moneys in such Sinking Account, such Bonds so purchased shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking account payment.

All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it shall become due and payable, whether at maturity or redemption, except that any money in any Sinking Account shall be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created.

(d) The Trustee shall withdraw from the Revenue Fund and deposit in the Subordinated Indebtedness Fund the amount, if any, required to be deposited therein pursuant to each Subordinated Indebtedness Trust Agreement to pay the principal, redemption price, and purchase price of, and interest on, Subordinated Indebtedness which will accrue to the end of such month, and any amounts required to replenish any reserve fund with respect to such Subordinated Indebtedness, in such amounts as shall be specified in a written request signed by an Authorized Representative.

(e) On June 30 of each year, after making the deposits required by subsection (c) and subsection (d) of this Section, the Trustee may withdraw from the Revenue Fund and deposit in the Surplus Fund the balance, if any, of moneys remaining in the Revenue Fund.

SECTION 5.04. Subordinated Indebtedness Fund.

(a) Amounts in the Subordinated Indebtedness Fund shall, in accordance with written directions signed by an Authorized Representative, be transferred by the Trustee to the trustee or paying agent for Subordinated Indebtedness to be applied as provided in the applicable Subordinated Indebtedness Trust Agreements in amounts necessary to pay the principal, redemption price, and purchase price of, and interest on, Subordinated Indebtedness, and the fees and expenses of each trustee and paying agent under a Subordinated Indebtedness Trust Agreement. The Trustee may conclusively rely on such written directions of an Authorized Representative in making such transfer and shall not be charged with knowledge of the terms and conditions of any Subordinated Indebtedness.

(b) If on any date the amount in the Revenue Fund shall be less than the requirement of such Revenue Fund pursuant to Section 5.03, and there shall not be on deposit in the Surplus Fund available moneys sufficient to cure any such deficiency, then the Trustee,

before making any transfers required by subsection (a) of this Section, shall withdraw from the Subordinated Indebtedness Fund and deposit in the Revenue Fund the amount necessary (or all the moneys in the Subordinated Indebtedness Fund, if less than the amount required) to make up any such deficiency.

SECTION 5.05. Surplus Fund.

(a) If on any date the amount in the Revenue Fund shall be less than the requirement of such Fund pursuant to Section 5.03, or the amount in the Subordinated Indebtedness Fund shall be less than the requirement of such Fund pursuant to subsection (a) of Section 5.04, then the Authority shall transfer to the Trustee from the Surplus Fund; first to the Revenue Fund, second to the Subordinated Indebtedness Fund, and third to the Rebate Fund, as the case may be, the amount necessary (or all the moneys in the Surplus Fund if less than the amount necessary) to make up any such deficiency.

(b) Amounts in the Surplus Fund not required to meet a deficiency as required in subsection (a) of this Section shall, upon a determination of the Authority, be applied to or set aside for any one or more of the following:

- (i) to reimburse the State for any State Sales Tax Revenues;
- (ii) payment of any fees or expenses of the Authority;
- (iii) the purchase or redemption of any Bonds, expenses in connection with the purchase or redemption of any Bonds, or the establishment or augmentation of any reserves which the Authority determines shall be required in connection with the Bonds;
- (iv) payment into the Subordinated Indebtedness Fund;
- (v) the purchase or redemption of any Subordinated Indebtedness, expenses in connection with the purchase or redemption of any Subordinated Indebtedness, or the establishment or augmentation of any reserves which the Authority determines shall be required in connection with any Subordinated Indebtedness; and
- (vi) any lawful purpose free and clear of any trust, lien, pledge or assignment securing Bonds or otherwise existing under this Trust Agreement, including any use required by a financing document establishing a Parity Lien, so long as such expenditure does not affect the exclusion from gross income of the interest on the Bonds under Section 103 of the Code.

SECTION 5.06. Additional Accounts. The Trustee and the Paying Agent may create such other funds, accounts and subaccounts as they may deem necessary to carry out their duties hereunder.

ARTICLE VI

STATE INTERCEPT PROCEDURES; SALES TAX ACCOUNT PLEDGE

*Section 6.01 amended as of 8/1/11 as set forth on attached page 32a.

SECTION 6.01. State Intercept Procedures.

(a) If, as a result of the failure of a Municipality to make payment on its Municipal Bonds in a timely manner, there are not sufficient funds available necessary to pay debt service on the Bonds, at least ten (10) days before the Payment Date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by:

- (i) Telephone;
- (ii) A writing sent by facsimile transmission; and
- (iii) - A writing sent by first-class United States mail.

(b) Upon receipt of the notice provided in subsection (a) above, the State Treasurer is required by Section 67-8727(1)(e) of the Act to immediately intercept any payments from:

- (i) The receipts of any payment of property taxes; or
- (ii) Sales tax moneys that would be distributed pursuant to Section 63-3638, Idaho Code; or
- (iii) Any other source of operating moneys provided by the State to the Municipality that issued the Municipal Bonds that would otherwise be paid to the Municipality by the State.

(c) In the event the State Treasurer will be unable to transfer sufficient intercepted payments for full payment of principal of and interest on the Bonds, the State Treasurer is required, pursuant to Section 67-8727(1)(e)(ii)(A) of the Act, to give notice to the State Tax Commission certifying the amount of the deficiency, at least five (5) days prior to the Payment Date of the Bonds.

(d) Upon receipt of the funds from the State Treasurer pursuant to subsection (b) above, the Trustee shall deposit the funds in the Revenue Fund for the Bonds until there are sufficient amounts on deposit to pay principal of and interest on the Bonds on the Payment Date, and then to the State for reimbursement of any moneys transferred from the State sales tax account pursuant to Section 67-8716, Idaho Code, to pay debt service on the Bonds on the Payment Date, together with any interest or penalties established pursuant to Section 67-8725, Idaho Code.

*Section 6.02 amended as of 8/1/11 as set forth on attached page 32b.

SECTION 6.02. Sales Tax Account.

(a) If moneys expected to be intercepted pursuant to Section 6.01 are expected to be insufficient to reimburse the State for its payments in respect of the Municipal Bonds, the

Pursuant to Section 16.02 of the Fifteenth Supplemental Trust Agreement dated August 1, 2011, Section 6.01 of the Master Trust Agreement is was amended to read as follows:

“SECTION 6.01. State Intercept Procedures.

(a) If, as a result of the failure of a Municipality to make payment on its Municipal Bonds in a timely manner, there are not sufficient funds available necessary to pay debt service on the Bonds, at least ten (10) days before the Payment Date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by:

- (i) Telephone;
- (ii) A writing sent by facsimile transmission; and
- (iii) A writing sent by first-class United States mail.

(b) Except for Bonds issued prior to July 1, 2008, where the Authority has, at the time of issuance, designated a series of the Bonds as not subject to the intercept under Section 67-8728, Idaho Code, upon receipt of the notice provided in subsection (a) above, the State Treasurer is required by Section 67-8727(1)(e) of the Act to immediately intercept any payments from:

- (i) The receipts of any payment of property taxes; or
- (ii) Sales tax moneys that would be distributed pursuant to Section 63-3638, Idaho Code; or
- (iii) Any other source of operating moneys provided by the State to the Municipality that issued the Municipal Bonds that would otherwise be paid to the Municipality by the State.

(c) In the event the Authority has, at the time of issuance prior to July 1, 2008, designated a series of Bonds as not subject to the intercept under Section 67-8728, Idaho Code, or if the State Treasurer will be unable to transfer sufficient intercepted payments for full payment of principal of and interest on the Bonds, the State Treasurer is required, pursuant to Section 67-8727(1)(e)(ii)(A) of the Act, to give notice to the State Tax Commission and pursuant to Section 67-8716(2) of the Act, to give notice to the State Controller certifying the amount of the deficiency, at least five (5) days prior to the Payment Date of the Bonds.

(d) Upon receipt of the funds from the State Treasurer pursuant to subsection (b) above, the Trustee shall deposit the funds in the Revenue Fund for the Bonds until there are sufficient amounts on deposit to pay principal of and interest on the Bonds on the Payment Date, and then to the State for reimbursement of any sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, to pay debt service on the Bonds on the Payment Date, together with any interest or penalties established pursuant to Section 67-8725, Idaho Code.”

Pursuant to Section 16.03 of the Fifteenth Supplemental Trust Agreement dated August 1, 2011, Section 6.02 of the Master Trust Agreement was amended to read as follows:

“SECTION 6.02. Sales Tax Revenues.

- (a) If the Authority has, at the time of issuance prior to July 1, 2008, designated a series of Bonds as not subject to the intercept under Section 67-8728, Idaho Code, or if moneys expected to be intercepted pursuant to Section 6.01 are expected to be insufficient to reimburse the State for its payments in respect of the Municipal Bonds, the State Treasurer shall certify to and give notice to the State Controller of the amount of the deficiency pursuant to Section 6.01(c).”
- (b) After receipt of the certified notice from the State Treasurer, the State Controller shall pursuant to the Act:
 - (i) Immediately fix the amount necessary and in the amount of the deficiency stated in the notice; and
 - (ii) Cause moneys representing sales tax receipts in the amount of the deficiency certified by the state Treasurer to be transferred from the State general fund ("General Fund"), as defined in Section 67-1205, Idaho Code, and deposited in the Bond Bank Authority Fund; provided however, that in no event shall a transfer of moneys representing State sales tax receipts from the General Fund impede or otherwise affect the payment of sales tax moneys pledged for the payment on other bonds outstanding on the effective date of the Act or subsequently issued as tax anticipation notes pursuant to Section 63-3202, Idaho Code.
- (c) Moneys transferred from the General Fund to the Bond Bank Authority Fund shall be transferred to the Trustee and deposited in the Revenue Fund and applied to pay principal of and interest on the Bonds pursuant to Section 5.03.

State Treasurer shall certify to and give notice to the State Tax Commission of the amount of the deficiency pursuant to Section 6.01(c).

(b) After receipt of the certified notice from the State Treasurer, the State Tax Commission shall pursuant to the Act:

(i) Immediately fix the amount necessary and in the amount of the deficiency stated in the notice; and

(ii) Cause moneys to be transferred from the State Sales Tax Account pursuant to Section 63-3638, Idaho Code, and deposited in the Bond Bank Authority Fund; provided however, that in no event shall a transfer of moneys from the State Sales Tax Account impede or otherwise affect the payment of sales tax moneys pledged for the payment on other bonds outstanding on the effective date of the Act or subsequently issued as tax anticipation notes pursuant to Section 63-3202, Idaho Code.

(c) Moneys transferred from the State Sales Tax Account to the Bond Bank Authority Fund shall be transferred by the Authority to the Trustee and deposited in the Revenue Fund and applied to pay principal of and interest on the Bonds pursuant to Section 5.03.

ARTICLE VII

COVENANTS OF THE AUTHORITY

SECTION 7.01. Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and principal of and redemption premiums, if any, to become due on every Bond issued hereunder in strict conformity with the terms hereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained herein and in the Bonds.

SECTION 7.02. Against Encumbrances. The Authority will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in Article III and Section 7.11 herein, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in Article III and Section 7.11 herein.

SECTION 7.03. Tax Covenants: Rebate Fund.

(a) In addition to the funds and accounts created pursuant to Section 5.01, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained hereunder designated as the Rebate Fund. There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America. Notwithstanding the provisions of Section 5.02 relating to the pledge of Revenues, the allocation of money in the Revenue Fund, the investments of money in any fund or account and the defeasance of Outstanding Bonds, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and

by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate.

(b) Any funds remaining in the Rebate Fund with respect to a Series of Bonds after redemption and payment of all such Series of Bonds and all other amounts due hereunder relating to such Series of Bonds, or provision made therefor satisfactory to the Trustee, including accrued interest and payment of any applicable fees and expenses of the Trustee and satisfaction of the Rebate Requirement (as defined in the Tax Certificate), shall be withdrawn by the Trustee and remitted to or upon the direction of the Authority.

(c) The Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not take or permit to be taken any other action or actions, which would cause any of the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, "private activity bond" within the meaning of Section 141(a) of the Code, or "federally guaranteed" within the meaning of Section 149(b) of the Code and any such applicable requirements promulgated from time to time thereunder and under Section 103(c) of the Internal Revenue Code of 1954, as amended. The Authority shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Authority shall comply with all requirements of Sections 148 and 149(b) of the Code to the extent applicable to the Bonds. In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under this Trust Agreement, the Authority shall so instruct the Trustee under this Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(d) The Authority and the Trustee (as directed by the Authority) specifically covenant to comply with the provisions and procedures of the Tax Certificate; provided that the Trustee shall not be bound by this covenant if an Event of Default has occurred and is continuing.

(e) The Authority shall not use or permit the use of any proceeds of the Bonds or any funds of the Authority, directly or indirectly, in any manner, and shall not take or omit to take any action that would cause any of the Bonds to be treated as an obligation not described in Section 103(a) of the Code.

(f) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this Section or the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX hereof, the covenants hereunder shall be deemed to be modified to that extent.

(g) The foregoing provisions of this Section shall not be applicable to any Series of Bonds or the proceeds thereof that the Authority determines upon the issuance thereof are to

be taxable bonds, the interest on which is intended to be included in the gross income of the Owner thereof for federal income tax purposes.

SECTION 7.04. Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee at reasonable hours and under reasonable conditions. Not more than nine months after the close of each Fiscal Year, the Authority shall furnish or cause to be furnished to the Trustee a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority shall also keep or cause to be kept such other information as required under the Tax Certificate.

SECTION 7.05. Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations hereunder; provided, that the Trustee or any affected Bond Owner at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any reasonable attorney's fees or other reasonable expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions hereunder, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct by the Trustee. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect even though all Bonds secured hereby may have been fully paid and satisfied.

SECTION 7.06. Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Bond Owner, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Bond Owners all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them hereby.

*Section 7.07 amended as of 8/1/08 as set forth on attached page 35a.

SECTION 7.07. Covenants Regarding Municipal Bonds. Each Municipal Bond shall contain the following provisions:

(a) In the event the Municipality is unable to transfer the scheduled debt service payment on its Municipal Bond to the Trustee the Municipality shall, at least fifteen (15) days before the scheduled payment date, notify the Trustee and the State Treasurer of such non-payment by telephone, a writing sent by facsimile transmission, and a writing sent by first-class United States mail.

(b) The Municipality shall consent and agree to the State interpret procedures contained in Section 67-8727, Idaho Code.

Pursuant to Section 16.03 of the Seventh Supplemental Trust Agreement dated November 1, 2008, Section 7.07 of the Master Trust Agreement was amended to read as follows:

“SECTION 7.07. Covenants Regarding Municipal Bonds. Each Municipal Bond shall contain the following provisions:

(a) In the event the Municipality is unable to transfer the scheduled debt services payments on its Municipal Bonds to the Trustee the Municipality shall, at least fifteen (15) days before the scheduled payment date, notify the Trustee and the State Treasurer of such non-payment by telephone, a writing sent by facsimile transmission, and a writing sent by first-class United States mail.

(b) Except for Bonds issued prior to July 1, 2008, where the Authority has, at the time of issuance, designated a series of Bonds as not subject to the intercept under Section 67-8728, Idaho Code, the Municipality shall consent and agree to the State intercept procedures contain in Section 67-8727, Idaho Code.”

SECTION 7.08. Amendments to Municipal Bonds. The Authority shall not supplement, amend, modify or terminate any of the terms of the Municipal Bonds, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bond Owners or result in any material impairment of the security hereby given for the payment of the Bonds, (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, or (d) if the Trustee first obtains the written consent of the Bond Owners of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination shall reduce the amount of payments to be made to the Authority or the Trustee by the Municipalities pursuant to the Municipal Bonds, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by this Trust Agreement on the Municipal Bonds in each case without the written consent of all of the Bond Owners of the Bonds then Outstanding. The Trustee may consult with counsel, who may be counsel to the Authority, with regard to legal questions regarding such amendments and may rely on a written opinion of such counsel in making the determination pursuant to this section.

SECTION 7.09. State Pledges. Pursuant to Section 67-8724 of the Idaho Code, the State pledges and agrees with the Owners of the Bonds that it will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with such Owners, or in any way impair the security, rights and remedies of the Owners of the Bonds until the Bonds, together with the interest thereon, are fully paid and discharged. The State pledges to and agrees with the Owners of the Bonds that the State will not alter, impair or limit the rights vested by the sales tax account pledge provided in Sections 67-8716 and 63-3638, Idaho Code, with respect to the Bonds until the Bonds, together with applicable interest, are fully paid and discharged.

SECTION 7.10. Compliance with Continuing Disclosure Agreement. The Authority hereby covenants that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Trust Agreement, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Bond Owners of at least 25% aggregate principal amount in Outstanding Bonds, and upon receipt of indemnification satisfactory to it, shall) or any Bond Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

SECTION 7.11. Permitted Encumbrances. (a) The Authority will not create or suffer to be created any pledge, lien or charge senior to the lien of this Trust Agreement upon all or any part of the Revenues.

(b) Notwithstanding any other provision herein, the Authority may incur Funded Debt, subject to the following conditions:

(i) The Authority shall be in full compliance with all covenants and undertakings set forth in this Trust Agreement or any Supplemental Trust Agreement; and

(ii) There shall be delivered a Certificate of the Authority evidencing satisfaction of Section 3.04(f) herein.

(c) The Authority may issue Subordinated Indebtedness pursuant to Section 3.06 herein.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

SECTION 8.01. Events of Default. The following events shall be Events of Default:

(a) if default shall be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(b) if default shall be made by the Authority in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by proceedings for redemption;

(c) if default shall be made by the Authority in the performance of any of the other agreements or covenants required herein to be performed by the Authority, and such default shall have continued for a period of thirty (30) days after the Authority shall have been given notice in writing of such default by the Trustee; *provided*, it shall not constitute an Event of Default under this subsection (c) if the default cannot practicably be remedied within thirty (30) days after the Authority receives notice of the default, so long as the Authority promptly commences reasonable action to remedy the default after the notice is received, and continues reasonable action to remedy the default until the default is remedied; or

(d) if the Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

The Trustee shall promptly notify all Bondholders by first class mail of any such event of default which is continuing of which a Responsible Officer has actual knowledge or written notice.

SECTION 8.02. Institution of Legal Proceedings by Trustee. If one or more of the Events of Default shall happen and be continuing, the Trustee may, and upon the written request of the Bond Owners of a majority in principal amount of the Bonds then Outstanding, and in each case upon being indemnified to its reasonable satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Bond Owners of Bonds under this Trust Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights and duties hereunder, including but not limited to actions against the State Treasurer and State Tax Commission to enforce its obligations under the Act.

SECTION 8.03. Non-Waiver. Nothing in this Article or in any other provision hereof or in the Bonds shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Bond-Owners of the Bonds at the respective dates of maturity or upon prior redemption as provided herein from the Revenues as provided herein pledged for such payment, or shall affect or impair the right of such Bond Owners, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Bond Owner shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Bond Owner to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bond Owners by the Act or by this Article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee or the Bond Owners.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned, the Authority, the Trustee and any Bond Owner shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

SECTION 8.04. Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Bond Owner shall have the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Bond Owners, whether or not the Trustee is a Bond Owner, and the Trustee is hereby appointed (and the successive Bond Owners, by taking and holding the Bonds issued hereunder, shall be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Bond Owners for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Bond Owners as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

SECTION 8.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Bond Owners is intended to be exclusive of any other remedy, and each such

remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Act or any other law.

SECTION 8.06. Limitation on Bond Owners' Right to Sue. No Bond Owner of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon this Trust Agreement, unless (a) such Bond Owner shall have previously given to the Trustee written notice of the occurrence of an event of default as defined in Section 8.01; (b) the Bond Owners of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) said Bond Owners shall have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Bond Owner of Bonds of any remedy hereunder; it being understood and intended that no one or more Bond Owners of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Trust Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Bond Owners of the Outstanding Bonds.

ARTICLE IX

THE TRUSTEE

SECTION 9.01. The Trustee. U.S. Bank National Association shall serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee hereunder and for the purpose of allocating, applying and using such money as provided herein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment, with the rights and obligations provided herein.

The Authority or any Bond Insurer, unless there exists any Event of Default as defined in Section 8.01, may at any time remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank, banking institution, or trust company, having (or whose parent holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or examination by federal or state authority. If such bank, banking institution, or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the

combined capital and surplus of such bank, banking institution, or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority and each Bond Insurer, and by mailing by first class mail to the Bond Owners notice of such resignation. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee acceptable to each Bond Insurer by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only upon the acceptance of appointment by the successor Trustee. The successor Trustee shall send notice of its acceptance by first class mail to the Bond Owners. If, within thirty (30) days after notice of the removal or resignation of the Trustee no successor Trustee shall have been appointed and shall have accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required hereby.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall succeed to the rights and obligations of the Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

The Trustee is hereby authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee shall cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and shall destroy such Bonds and a certificate of destruction shall be delivered to the Authority upon its request. The Trustee shall keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee shall, prior to an event of default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement. The Trustee shall, during the existence of any event of default (that has not been cured), exercise such of the rights and powers vested in it by this Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

*Section 7.07 amended as of October 1, 2012 as set forth on attached page 40A

SECTION 9.02. Liability of Trustee. The recitals of facts, agreements and covenants herein and in the Bonds, and in any offering materials or official statements, shall be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity hereof or of the Bonds, or shall incur any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it herein, in the Bonds or in law or equity. The Trustee shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

Pursuant to Section 9.02 of the Master Trust Agreement was amended to include the following paragraph at the end of Section 9.02 as follows:

The Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

The Trustee shall not be bound to recognize any person as the Bond Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such Bond Owner's title thereto satisfactorily established, if disputed.

The Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bond Owners of not less than a majority (or any lesser amount that may direct the Trustee in accordance with this Agreement) in aggregate principal amount of the Bonds at the time Outstanding, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Trust Agreement.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Trust Agreement at the request, order or direction of any of the Bond Owners pursuant to the provisions of this Trust Agreement unless such Bond Owners shall have offered to the Trustee reasonable security or indemnity against the reasonable costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Bond Owners for the payment of the interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations shall be limited to the performance of its duties hereunder.

The Trustee shall not be deemed to have knowledge of any event of default (except payment defaults) unless and until a Responsible Officer shall have actual knowledge thereof or a Responsible Officer of the Trustee shall have received written notice thereof at its Principal Office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through attorneys-in-fact, agents or receivers, but shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent or receiver. The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty hereunder, but the Trustee shall not be answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of this Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Whether or not therein expressly so provided, every provision of this Trust Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

The Trustee shall be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the Authority), consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its rights and obligations hereunder the Trustee shall deem it necessary or desirable that a matter be established or proved prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority, which certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers.

SECTION 9.03. Compensation and Indemnification of Trustee. The Authority covenants to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation for all services rendered by them in the exercise and performance of any of the powers and duties hereunder of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee, in accordance with any of the provisions of this Trust Agreement (including the reasonable compensation and the reasonable expenses and disbursements of their counsel (including the allocated reasonable fees and disbursements of in-house counsel) and of all persons not regularly in their employ) except any such expense, disbursement or advance as may arise from their negligence or willful misconduct. The Authority, to the extent permitted by law, shall indemnify, defend and hold harmless the Trustee against any loss, damage, liability or expense incurred without negligence or bad faith on the part of the Trustee arising out of or in connection with the acceptance or administration of the trusts created hereby, including reasonable costs and expenses (including reasonable attorneys' fees and disbursements) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section shall survive the discharge of the Bonds and this Trust Agreement and the resignation or removal of the Trustee.

ARTICLE X

AMENDMENT OF THE TRUST AGREEMENT AND LOAN AGREEMENTS

SECTION 10.01. Amendment of the Trust Agreement Without Bond Owner

Consent. (a) This Trust Agreement and the rights and obligations of the Authority and of the Bond Owners may be amended at any time by a Supplemental Trust Agreement which shall become binding upon the written direction of the Authority. No such amendment shall (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bond Owner of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds except as otherwise provided herein, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto, or (4) impair the tax-exempt status of the Bonds, or (5) deprive to any Bond Owner of the lien created by this Trust Agreement. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to this subsection (a), the Trustee shall mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bond Owners at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

(b) The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which shall become binding upon adoption without the consent of any Bondholders, provided an Opinion of Bond Counsel is delivered as set forth in Section 10.05 herein, for any purpose that the Authority determines will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes --

(i) to add to the agreements and covenants required herein to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved herein to or conferred herein on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in Article III (which shall be deemed not to adversely affect Bondholders);

(iv) to add to the agreements and covenants required herein, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or

(v) to add to the agreements and covenants herein, and to make any necessary changes herein, to include provisions relating to the Idaho Municipal Bond Bank Authority Reserve Fund, created pursuant to Section 67-8713, Idaho Code, in the event moneys are appropriated by the State legislature for the purpose of such fund.

(vi) to preserve the tax-exempt status of the Bonds, or any of them.

(vii) to make any change approved by the Bond Insurer and which does not involve a change described in clause (a)(1), (a)(2), or (a)(3) of Section 10.01 hereof.

(viii) to conform to the terms and conditions of any financing documents necessary for the issuance of Funded Debt, provided such modification shall not materially adversely affect the interest of the owners of the Bonds, as set forth in a Certificate of Authority filed with the Trustee.

(ix) to modify, alter, amend or supplement this Trust Agreement in any other respect which is not adverse to the Bond Owners and which does not involve a change described in clause (a)(1), (a)(2), or (a)(3) of Section 10.01 hereof.

SECTION 10.02. Amendment of the Trust Agreement With Bond Owner

Consent (a) Except for any Supplemental Trust Agreement entered into pursuant to Section 10.01, and subject to the terms and provisions contained in this Article and not otherwise, the Bond Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time, with the written consent of the Bond Insurer when a Bond Insurance Policy is in effect covering at least a majority in aggregate principal amount of the then Outstanding Bonds and so long as the Bond Insurer is not in default on the Bond Insurance Policy and an act of bankruptcy with respect to the Bond Insurer shall not have occurred and be continuing (provided that the Bond Insurer shall be under no liability by reason of giving or withholding such consent), to consent to and approve the execution by the Authority and the Trustee of any Supplemental Trust Agreement as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in any Supplemental Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of each Owner affected, (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal of or redemption premium, if any, on any Bond without the express written consent of the Bond Owner of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided herein superior to or on a parity with the pledge, charge and lien created hereby for the benefit of the Bonds except as otherwise provided herein, or (3) modify any rights or obligations of the Trustee without its prior written assent thereto, or (4) impair the tax-exempt status of the Bonds, or (5) deprive to any Bond Owner of the lien created by this Trust Agreement.

(b) If at any time the Authority and the Trustee shall determine to enter into any Supplemental Trust Agreement for any of the purposes of this Section, the Trustee shall cause notice of the proposed Supplemental Trust Agreement to be mailed by registered or certified mail, postage prepaid to the Bond Insurer and the Bond Owners of the Outstanding Bonds. Such

notice shall briefly set forth the nature of the proposed Supplemental Trust Agreement and shall state that a copy thereof is on file at the principal office of the Trustee for inspection by all Bond Owners.

(c) After the date of the mailing of such notice, the Authority and the Trustee may enter into such Supplemental Trust Agreement, with the written consent of the Bond Insurer when a Bond Insurance Policy is in effect covering at least a majority in aggregate principal amount of the then Outstanding Bonds and so long as the Bond Insurer is not in default on the Bond Insurance Policy and an act of bankruptcy with respect to the Bond Insurer shall not have occurred and be continuing (provided that the Bond Insurer shall be under no liability by reason of giving or withholding such consent), in substantially the form described in such notice, only if there shall have first been filed with the Trustee (1) the written consents of Bond Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, and (2) the Opinion of Bond Counsel as set forth in Section 10.05 herein. Any such consent shall be binding upon the Bond Owners of such Bonds giving such consent and upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor whether or not such subsequent Owner thereof has notice thereof, unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing such revocation with the Trustee prior to the execution and delivery of such Supplemental Trust Agreement.

(d) If the Bond Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to the execution and delivery of such Supplemental Trust Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin and restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

(e) Upon the execution any Supplemental Trust Agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the Authority, the Trustee and all Bond Owners of the Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Trust Agreement, subject in all respects to such modifications and amendments.

SECTION 10.03. Endorsement or Replacement of Bonds After Amendment.

Bonds delivered after any Supplemental Trust Agreement becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to such action, and in that case upon demand of the Bond Owner of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Bond. If the Authority shall so determine, new Bonds so modified as, in the opinion of the Authority, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Bond Owner of any Outstanding Bond a new Bond or Bonds shall be exchanged at the office of the Trustee without cost to each Bond Owner for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

SECTION 10.04. Amendment of Loan Agreements. The Authority and the Municipality with which it has executed a Loan Agreement may enter into any amendment, change or modification of such Loan Agreement (a) as may be required by the provisions of such Loan Agreement or this Trust Agreement; (b) for the purpose of curing any ambiguity or formal defect or omission; (c) so as to add additional rights acquired in accordance with the provisions of such Loan Agreement; (d) to preserve the tax-exempt status of interest on the Bonds, or any of them; (e) to modify, alter, amend or supplement such Loan Agreement in any other respect which is not adverse to the Bond Owners.

SECTION 10.05. Required and Permitted Opinions of Counsel. The Authority and the Trustee shall be provided with and may rely on an Opinion of Bond Counsel to the effect that any Supplemental Trust Agreement entered into by the Authority and the Trustee complies with the provisions of this Article X and an opinion of Bond Counsel that any such Supplemental Trust Agreement does not adversely affect the tax-exempt status of interest on the Bonds. The Authority and the Trustee shall be provided with and may rely upon an Opinion of Bond Counsel to the effect that any proposed amendment, change or modification to a Loan Agreement will comply with the provisions of this Article X and an opinion of Bond Counsel that any such amendment, change or modification does not adversely affect the tax-exempt status of interest on the Bonds. No Supplemental Trust Agreement or amendment, change or modification to a Loan Agreement or the Bonds shall be effective until the Authority and the Trustee shall have received an Opinion of Bond Counsel to the effect that such Supplemental Trust Agreement or such amendment or modification is permitted by the Act and will not adversely affect the tax-exempt status of interest on the Bonds.

ARTICLE XI

INVESTMENT OF MONEYS

SECTION 11.01. Investment of Moneys. The Trustee shall invest and reinvest any moneys held as part of the Revenue Fund upon the written direction of an Authorized Representative in Permitted Investments. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund for which they were made. The interest accruing thereon, any profit realized from such investments and any loss resulting from such investments shall be credited or charged to such fund. The Trustee shall sell and reduce to cash a sufficient amount of such investments of the Revenue Fund whenever the cash balance in the Revenue Fund is insufficient to pay the principal of and premium, if any, and interest on the Bonds when due. Unless otherwise provided in a Supplemental Trust Agreement, the Trustee may commingle any of the funds or accounts established pursuant to this Trust Agreement into a separate fund or funds for investment purposes only, provided that all funds or accounts held by the Trustee hereunder shall be accounted for separately as required by this Trust Agreement. The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Section 11.01. The Trustee shall be entitled to assume that any investment which at the time of purchase is a Permitted Investment remains a Permitted Investment thereafter, absent receipt of written notice or information to the contrary. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Authority the right to receive brokerage confirmations of the security transactions as they occur, the Authority specifically waives receipt

of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

SECTION 11.02. Investments; Arbitrage. The Trustee may make any and all investments permitted by the provisions of Section 11.01 hereof through its own bond department. The Trustee may act as principal or agent in the making or disposing of any investments, and may act as sponsor, advisor or manager in connection with any such investments. The provisions of this subsection shall apply to affiliates of the Trustee. As and when any amount invested pursuant to this Article may be needed for disbursement, the Trustee may cause a sufficient amount of such investments to be sold and reduced to cash to the credit of such funds.

ARTICLE XII

DEFEASANCE

SECTION 12.01. Discharge of Bonds.

(a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Bond Owners of all or a portion of the Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated herein and therein, and the Authority shall pay in full all other amounts due hereunder, then the Bond Owners of such Bonds shall cease to be entitled to the pledge of and charge and lien upon the Revenues as provided herein, and all agreements, covenants and other obligations of the Authority to the Bond Owners of such Bonds hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due hereunder.

(b) Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this Section if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with Section 4.03, (2) there shall have been deposited with the Trustee (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) an Opinion of Bond Counsel to the effect that the Bonds are no longer Outstanding hereunder, and (4) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority shall have given the

Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Bond Owners of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

SECTION 12.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of any of the Bonds or interest thereon which remains unclaimed for two (2) years after the date when such Bonds or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Trustee at such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when such Bonds have become due and payable, shall at the Written Request of the Authority be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Bond Owners shall not look to the Trustee for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Trustee may, and at the request of the Authority shall, at the expense of the Authority, cause to be published once a week for two (2) successive weeks in a Financial Newspaper of general circulation in Boise, Idaho, and in the same or a similar Financial Newspaper of general circulation in New York, New York, a notice that such money remains unclaimed and that, after a date named in such notice, which date shall not be less than thirty (30) days after the date of the first publication of each such notice, the balance of such money then unclaimed will be deposited in the Surplus Fund for the Authority.

ARTICLE XIII

MISCELLANEOUS

SECTION 13.01. Liability of Authority Limited to Revenues. Notwithstanding anything contained herein, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided herein for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants herein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided herein, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided herein. The Bonds are not a debt of the State or any of its political subdivisions, and neither the State nor any of its political subdivisions is liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Authority as provided herein. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

SECTION 13.02. Benefits of this Trust Agreement Limited to Parties and Third Party Beneficiaries. Nothing contained herein, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the Bond Insurers, and the Bond Owners any right, remedy or claim under or by reason hereof. Any agreement or covenant required herein to be performed by or on behalf of the Authority or any member, officer or employee thereof shall be for the sole and exclusive benefit of the Authority, the Trustee, the Bond Insurers and the Bond Owners.

SECTION 13.03. Successor Is Deemed Included In All References To Predecessor. Whenever herein either the Authority or any member, officer or employee thereof or of the State is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required hereby to be performed by or on behalf of the Authority or any member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

SECTION 13.04. Execution of Documents by Bond Owners. Any declaration, request or other instrument which is permitted or required herein to be executed by Bond Owners may be in one or more instruments of similar tenor and may be executed by Bond Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Bond Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the Principal Office of the Trustee.

Any declaration, request, consent or other instrument or writing of the Bond Owner of any Bond shall bind all future Bond Owners of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

SECTION 13.05. Waiver of Personal Liability. No member, officer or employee of the Authority shall be individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing herein contained shall relieve any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or hereby.

SECTION 13.06. Acquisition of Bonds by Authority. All Bonds acquired by the Authority, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

SECTION 13.07. Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the

provisions hereof, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction, at its request.

SECTION 13.08. Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided herein shall include (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Bond Counsel unless the person making or giving such certificate knows that the Opinion of Bond Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Bond Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Bond Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

SECTION 13.09. Publication for Successive Weeks. Any publication required to be made hereunder for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

SECTION 13.10. Accounts and Funds. Any account or fund required herein to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds shall at all times be maintained in accordance with corporate trust industry standards and with due regard for the protection of the security of the Bonds and the rights of the Bond Owners.

SECTION 13.11. Business Day. When any action is provided for herein to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

SECTION 13.12. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the Authority: Idaho Bond Bank Authority
Office of the State Treasurer
Room 102 Statehouse
P.O. Box 83720
Boise, ID 83720-0091
Attention: Executive Director

If to the Trustee: U.S. Bank National Association
Attention: Corporate Trust Services
15 West South Temple, Suite 200
Mailstation PD-UT-GT2
Salt Lake City, UT 84101

SECTION 13.13. Article and Section Headings and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

SECTION 13.14. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof or of the Bonds, and the Bond Owners shall retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee hereby declare that they would have executed and delivered this Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 13.15. Governing Law. This Trust Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

SECTION 13.16. Execution in Several Counterparts. This Trust Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the IDAHO BOND BANK AUTHORITY has caused this Trust Agreement to be signed in its name by its Executive Director, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

IDAHO BOND BANK AUTHORITY

By: _____
Executive Director

U. S. BANK NATIONAL ASSOCIATION, as
Trustee

By: Kir R. Callaway
Authorized Officer

APPROVED:

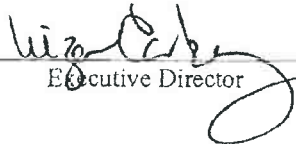
State Treasurer

State Tax Commission Officer

IN WITNESS WHEREOF, the IDAHO BOND BANK AUTHORITY has caused this Trust Agreement to be signed in its name by its Executive Director, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

IDAHO BOND BANK AUTHORITY

By:


Executive Director

U.S. BANK NATIONAL ASSOCIATION, as
Trustee


By:

Authorized Officer

APPROVED:


State Treasurer

Acknowledgment of Article VI


State Tax Commission Officer

THIRTY-FIRST SUPPLEMENTAL TRUST AGREEMENT

between the

IDAHO BOND BANK AUTHORITY

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
Trustee

Dated as of June 1, 2021

Authorizing the Issuance of

\$1,800,000
Idaho Bond Bank Authority
Refunding Revenue Bonds
Series 2021A

and

\$34,090,000
Idaho Bond Bank Authority
Refunding Revenue Bonds
Series 2021B (Federally Taxable)

(Supplemental to the Trust Agreement dated as of December 1, 2004 as previously amended)

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THIRTY-FIRST SUPPLEMENTAL TRUST AGREEMENT

(Supplemental to the Trust Agreement dated as of December 1, 2004)

Authorizing the Issuance of

\$1,800,000 Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A

and

\$34,090,000 Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021B
(Federally Taxable)

This THIRTY-FIRST Supplemental Trust Agreement, dated as of June 1, 2021 (this “Supplemental Trust Agreement”), between the Idaho Bond Bank Authority (the “Authority”) and Zions Bancorporation, National Association, having a corporate trust office located in Seattle, Washington, as trustee (the “Trustee”);

W I T N E S S E T H:

WHEREAS, this Supplemental Trust Agreement is supplemental to the Master Trust Agreement, dated as of December 1, 2004 (the “Master Trust Agreement”) originally between the Authority and U.S. Bank National Association as trustee, which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bancorporation, National Association, as Trustee (as supplemented or amended pursuant to the First Supplemental Trust Agreement dated as of December 1, 2004, the Second Supplemental Trust Agreement dated as of November 1, 2006, the Third Supplemental Trust Agreement dated as of November 30, 2006, the Fourth Supplemental Trust Agreement dated as of November 1, 2007, the Fifth Supplemental Trust Agreement dated as of April 1, 2008, the Sixth Supplemental Trust Agreement dated as of May 1, 2008, the Seventh Supplemental Trust Agreement dated as of November 1, 2008, the Eighth Supplemental Trust Agreement dated as of November 1, 2008, the Ninth Supplemental Trust Agreement dated as of February 1, 2009, the Tenth Supplemental Trust Agreement dated as of June 1, 2009, the Eleventh Supplemental Trust Agreement dated as of November 1, 2009, the Twelfth Supplemental Trust Agreement dated as of May 1, 2010, the Thirteenth Supplemental Trust Agreement dated as of November 1, 2010, the Fourteenth Supplemental Trust Agreement dated as of December 1, 2010, the Fifteenth Supplemental Trust Agreement dated as of August 1, 2011, the Sixteenth Supplemental Trust Agreement dated as of February 1, 2012, the Seventeenth Supplemental Trust Agreement dated as of June 1, 2012, the Eighteenth Supplemental Agreement dated as of October 1, 2012, the Nineteenth Supplemental Agreement dated as of December 1, 2012, the Twentieth Supplemental Trust Agreement dated as of June 1, 2013, the Twenty-First Supplemental Trust Agreement dated as of August 1, 2013, the Twenty-Second Supplemental Trust Agreement dated as of February 1, 2014, the Twenty-Third Supplemental Trust Agreement dated as of April 1, 2014, the Twenty-Fourth Supplemental Trust Agreement dated as of November 1, 2014, the Twenty-Fifth Supplemental Trust Agreement dated as of March 1, 2015, the Twenty-Sixth Supplemental Trust Agreement dated as of July 1, 2015, the Twenty-Seventh Supplemental Trust Agreement dated as of March 1, 2017, the Twenty-Eighth Supplemental Trust Agreement dated as of September 1, 2017, the Twenty-Ninth Supplemental

Trust Agreement dated as of March 1, 2018, the Thirtieth Supplemental Trust Agreement dated as of October 1, 2020, and pursuant to this Supplemental Trust Agreement and as it may from time to time be further supplemented or amended pursuant to the provisions thereof, the “Trust Agreement”), between the Authority and the Trustee;

WHEREAS, the Trust Agreement provides that the Authority may issue revenue bonds (as described in Section 2.01 of the Master Trust Agreement, collectively the “Bonds”) from time to time as authorized by a supplemental trust agreement;

WHEREAS, Bonds may be issued by the Authority pursuant to the provisions of the Trust Agreement for the purposes set forth in the Act;

WHEREAS, in accordance with the Act, the Authority has determined to issue the Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A (the “Series 2021A Bonds”), in the aggregate principal amount of \$1,800,000, and the Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021B (Federally Taxable) (the “Series 2021B Bonds”) in the aggregate principal amount of \$34,090,000, in order to purchase certain Municipal Bonds, including but not limited to making loans to the Municipalities, as further described in Exhibit B attached hereto;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into this Supplemental Trust Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Supplemental Trust Agreement;

NOW, THEREFORE, the parties hereto agree, as follows:

ARTICLE I – DEFINITIONS

Section 1.01 Definitions.

(a) Capitalized terms used herein and not defined herein shall have the definitions ascribed to such terms in Section 1.01 of the Trust Agreement.

(b) Additional Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Supplemental Trust Agreement, have the following meanings:

Authorized Denominations

The term “Authorized Denominations” means with respect to the Series 2021A Bonds and the Series 2021B Bonds, \$5,000 or any integral multiple thereof.

Bond Year

The term “Bond Year” means with respect to the Series 2021A Bonds and the Series 2021B Bonds, the period beginning on the date of issuance and delivery of the Series 2021A Bonds and the Series 2021B Bonds, June 29, 2021, and ending on June 1, 2022, and each successive one-year period thereafter.

Escrow Agreement

The term “Escrow Agreement” means the Escrow Agreement between the Authority and the Trustee, as Escrow Agent, dated the date of delivery of the Series 2021A Bonds and the Series 2021B Bonds.

Government Securities

The term “Government Securities” means cash (insured at all times by the Federal Deposit Insurance Corporation) or obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including: U.S. treasury obligations, all direct or fully guaranteed obligations, Farmers Home Administration, General Services Administration, Guaranteed Title XI financing, Government National Mortgage Association (GNMA), State and Local Government Series. Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

Interest Payment Date

The term “Interest Payment Date” means with respect to the Series 2021A Bonds and the Series 2021B Bonds, each March 15 and September 15, commencing September 15, 2021.

Loan Agreement

The term “Loan Agreement” means collectively the loan agreements between the Authority and any Municipality identified in Exhibit B.

Municipal Bond

The term “Municipal Bond” means the obligation identified in Exhibit B hereto issued pursuant to the Loan Agreement by the Municipality.

Municipality

The term “Municipality” means collectively the municipal entity or entities set forth in Exhibit B hereto.

Permitted Investments

The term “Permitted Investments” shall mean any of the following:

1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the

Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- a. U.S. Export-Import Bank (Exim bank)
Direct obligators or fully guaranteed certificates of beneficial ownership
- b. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
- c. Federal Financing Bank
- d. Federal Housing Administration Debentures (FHA)
- e. General Services Administration
Participation certificates
- f. Government National Mortgage Association (GNMA or "Ginnie Mae"):
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (participation certificates) (not acceptable for certain cash-flow sensitive issues.)
- g. U.S. Maritime Administration:
Guaranteed Title XI financing
- h. U.S. Department of Housing and Urban Development (HUD):
Project Notes
Local Authority Bonds
New Communities Debentures –U.S. Government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- a. Federal Home Loan Bank System:
Senior debt Bonds (Consolidated debt Bonds)

- b. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"):
Participation Certificates (Mortgage-backed securities)
Senior debt Bonds
- c. Federal National Mortgage Association (FNMA or "Fannie Mae"):
Mortgage-backed securities and senior debt Bonds (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal.)
- d. Student Loan Marketing Association (SLMA or "Sallie Mae"):
Senior debt Bonds
- e. Resolution Funding Corp: (REFCORP) Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- f. Farm Credit System:
Consolidated systemwide bonds and notes

4. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2, including, without limitation any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise, (ii) the Trustee collects fees for services rendered pursuant to this Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

5. Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks (including the Trustee or any of its affiliates) whose short term Bonds are rated "A-1+" or better by S&P and "Prime-1" by Moody's.

The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

6. Certificates of deposit (including those placed by a third party pursuant to an agreement between the Trustee and the Authority), savings

accounts, deposit accounts, trust funds, trust accounts, overnight bank deposits, interest bearing deposits, interest bearing money market accounts, or money market deposits (including those of the Trustee or any of its affiliates) which are fully insured by FDIC, including BIF and SAIF.

7. Investment Agreements, with providers rated at least Aa2.
8. Commercial paper rated "Prime - 1" by Moody's and "A-1+" or better by S&P.
9. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.
10. Federal funds or bankers acceptances (including those of the Trustee or any of its affiliates) with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1+" by S&P.
11. Repurchase or reverse repurchase agreements (including those of the Trustee or any of its affiliates) that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase or reverse repurchase agreements must satisfy the following criteria:

- a. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm:
 - (1) Primary dealers on the Federal Reserve repurchasing dealer list which fall under the jurisdiction of the SIPC and which are rated A or better by Standard & Poor's Ratings Group and Moody's, or
 - (2) Banks rated "A" or above by Standard & Poor's Ratings Group and Moody's Investor Services.
- b. The written repurchase contract must include the following:
 - (1) Securities which are acceptable for transfer are:
 - (a) Direct U.S. governments
 - (b) Federal agencies backed by the full faith and credit of the U.S

- (2) The term of the repurchase may be up to 30 days
- (3) The collateral must be delivered to the municipal entity, or third party acting as agent for the trustee before/simultaneous with payment (perfection by possession of certificated securities).
- (4) The trustee has a perfected first priority security interest in the collateral.
- (5) Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a repurchase or reverse repurchase.
- (6) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the trustee or the Trustee's third party custodian to liquidate collateral.
- (7) Valuation of Collateral
 - (a) The securities must be valued weekly, marked-to-market at current market price plus accrued interest
 - (b) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.
 - (c) Legal opinion which must be delivered to the municipal entity: Repurchase meets guidelines under state law for legal investment of public funds.

12. Pre-refunded Municipal Obligations rated "Aaa" by Moody's and "AAA" by S&P. If, however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed Bonds, or AAA rated pre-refunded municipals to satisfy this condition.

13. In addition to the above list of investments, any state-administered pool investment fund in which the Authority is statutorily permitted or required to invest.

Pre-refunded Municipal Obligations

The term “Pre-refunded Municipal Obligations” means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(1) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of Moody’s or S&P or any successor thereto; or

(2) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in the definition of Permitted Investments, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate.

Principal Payment Date

The term “Principal Payment Date” means with respect to the Series 2021A Bonds, each September 15, commencing September 15, 2021, and with respect to the Series 2021B Bonds, each September 15, commencing September 15, 2021.

Purchase Price

The term “Purchase Price” means the principal amount of the Municipal Bonds plus accrued interest to and including the date of purchase net of premium and original issue discount and underwriters discount, as set forth in Exhibit B hereto.

Record Date

The term “Record Date” means with respect to the Series 2021A Bonds and the Series 2021B Bonds, the first (1st) day of the calendar month in which each Interest Payment Date occurs.

Series 2021A Bonds

The term “Series 2021A Bonds” means the Authority’s \$1,800,000 Refunding Revenue Bonds, Series 2021A.

Series 2021A Costs of Issuance Account

The term “Series 2021A Costs of Issuance Account” means the Account so established in Section 2.04 hereof.

Series 2021A Escrow Fund

The term “Series 2021A Escrow Fund” means the fund so established under the Escrow Agreement.

Series 2021A Purchase Account

The term “Series 2021A Purchase Account” means the Account so established and funded in Section 2.04 hereof.

Series 2021B Bonds

The term “Series 2021B Bonds” means the Authority’s \$34,090,000 Refunding Revenue Bonds, Series 2021B (Federally Taxable).

Series 2021B Costs of Issuance Account

The term “Series 2021B Costs of Issuance Account” means the Account so established in Section 2.04 hereof.

Series 2021B Escrow Fund

The term “Series 2021B Escrow Fund” means the fund so established under the Escrow Agreement.

Series 2021B Purchase Account

The term “Series 2021B Purchase Account” means the Account so established and funded in Section 2.04 hereof.

Sinking Fund Installment

The term “Sinking Fund Installment” means an amount so designated which is established pursuant to Section 2.06 with respect to the Series 2021A Bonds and the Series 2021B Bonds.

ARTICLE II - TERMS OF SERIES 2021A BONDS AND SERIES 2021B BONDS

Section 2.01 Authorization of the Series 2021A Bonds and the Series 2021B Bonds.

- (a) There is hereby created and designated a Series of Bonds called the “Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A.” The aggregate principal amount of Series 2021A Bonds which may be issued and Outstanding under the Supplemental Trust

Agreement shall not exceed ONE MILLION EIGHT HUNDRED THOUSAND and NO/100ths Dollars (\$1,800,000).

There is also hereby created and designated a Series of Bonds called the “Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021B (Federally Taxable).” The aggregate principal amount of Series 2021B Bonds which may be issued and Outstanding under the Supplemental Trust Agreement shall not exceed THIRTY-FOUR MILLION NINETY THOUSAND and NO/100ths Dollars (\$34,090,000).

(b) The Authority has reviewed all proceedings heretofore taken relative to the authorization of the Series 2021A Bonds and the Series 2021B Bonds and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the Series 2021A Bonds and the Series 2021B Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and that the Authority is now duly authorized, pursuant to each and every requirement of the Act, to issue the Series 2021A Bonds and the Series 2021B Bonds in the form and manner provided herein for the purpose of providing funds to purchase Municipal Bonds, including but not limited to making loans to the Municipality, and that the Series 2021A Bonds and the Series 2021B Bonds shall be entitled to the benefit, protection and security of the provisions hereof.

Section 2.02 Terms of the Series 2021A Bonds and the Series 2021B Bonds.

(a) The Series 2021A Bonds and the Series 2021B Bonds shall be dated as of the date of original delivery of the Bonds, shall be issued only in fully registered form in Authorized Denominations numbered as “RA-1” and “RB-1” respectively and up and registered in the name of CEDE & CO., as the registered owner (not exceeding the principal amount of Series 2021A Bonds and the Series 2021B Bonds maturing at any one time), and shall mature in the years and in the principal amounts and bear interest at the rates as set forth in the following schedules, subject to prior redemption as described in Sections 2.05 and 2.06 hereof:

<u>Series 2021A Bonds</u>		
<u>Maturity Date</u> <u>(September 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2021	\$ 80,000	4.000%
2022	65,000	4.000%
2023	65,000	4.000%
2024	70,000	4.000%
2025	70,000	4.000%
2026	75,000	4.000%
2027	75,000	4.000%
2028	80,000	4.000%
2029	80,000	4.000%
2030	85,000	4.000%
2031	90,000	4.000%
2036*	505,000	4.00%

2042*	460,000	4.00%
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*Term Bond

<u>Series 2021B Bonds</u>		
<u>Maturity Date</u> <u>(September 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 95,000	5.000%
2023	1,815,000	5.000%
2024	2,305,000	5.000%
2025	3,005,000	5.000%
2026	3,070,000	5.000%
2027	3,155,000	5.000%
2028	3,055,000	5.000%
2029	3,075,000	5.000%
2030	2,930,000	5.000%
2031	2,965,000	5.000%
2032	2,025,000	1.970%
2033	2,060,000	2.080%
2034	2,105,000	2.170%
2035	1,715,000	2.280%
2036	715,000	2.380%

The Series 2021A Bonds and the Series 2021B Bonds shall bear interest at the rates set forth above, payable commencing September 15, 2021, and semiannually thereafter on March 15 and September 15 in each year. The Series 2021A Bonds and the Series 2021B Bonds shall bear interest from the applicable Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall bear interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall bear interest from their dated date. The amount of interest so payable on any Interest Payment Date shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

The Series 2021A Bonds and the Series 2021B Bonds shall be registered pursuant to Section 3.04(d)(ix) of the Master Trust Agreement. In the event the Series 2021A Bonds and the Series 2021B Bonds are no longer maintained in book-entry form, payment of interest on the Series 2021A Bonds and the Series 2021B Bonds due on or before the maturity or prior redemption thereof shall be paid by check mailed by first class mail or delivered on each Interest Payment Date to the person in whose name the Bond is registered as of the applicable Record Date for such Interest Payment Date at the address shown on the registration books maintained by the Trustee; provided, however, that interest on any Series of Bonds shall be paid by wire transfer or other means to provide immediately available funds to any Bond Owner of at least \$1,000,000 in aggregate principal amount of such Series of Bonds, at its option, according to wire instructions given to the Trustee in writing for such purpose and on file prior to the applicable Record Date preceding the Interest Payment Date.

The Series 2021A Bonds and the Series 2021B Bonds are subject to the State intercept provisions of the Act and Section 6.01 (b) of the Master Trust Agreement.

Consistent with Section 7.03(g) of the Master Trust Agreement, the Authority hereby

determines that the Series 2021B Bonds are intended to be taxable bonds and the interest on the Series 2021B Bonds is to be included in gross income of the Owners thereof for federal income tax purposes, and the covenants of said Section 7.03 of the Master Trust Agreement shall not apply to the Series 2021B Bonds.

Section 2.03 Form of Series 2021A Bonds and the Series 2021B Bonds. The Series 2021A Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A-1 hereto attached and by this reference herein incorporated. The Series 2021B Bonds and the authentication and registration endorsement and assignment to appear thereon shall be substantially in the forms set forth in Exhibit A-2 hereto attached and by this reference herein incorporated.

Section 2.04 Procedure for the Issuance of Series 2021A Bonds and the Series 2021B Bonds. At any time after the sale of the Series 2021A Bonds and Series 2021B Bonds in accordance with the Act, the Authority shall execute the Series 2021A Bonds and Series 2021B Bonds for issuance hereunder and shall deliver them to the Trustee, and thereupon the Series 2021A Bonds and Series 2021B Bonds shall be authenticated and delivered by the Trustee to the purchaser thereof upon the Written Request of the Authority and upon receipt of payment therefor from the purchaser thereof. Upon receipt of payment for the Series 2021A Bonds and Series 2021B Bonds from the purchaser thereof, the Trustee shall, unless otherwise instructed by the Authority, transfer or deposit the proceeds received from such sale, along with any good faith deposit received from the purchaser, to the following respective accounts or funds, in the following order of priority:

(a) Costs of Issuance Fund:

(i) From proceeds of the Series 2021A Bonds, deposit the sum of \$40,344.92 to the Series 2021A Costs of Issuance Account and from proceeds of the Series 2021B Bonds, deposit the sum of \$532,040.51 to the Series 2021B Costs of Issuance Account (including \$64,777.50 used to purchase Debt Service Reserve Fund surety policies), which accounts are hereby created in the Costs of Issuance Fund and which accounts and funds the Trustee hereby agrees to maintain until December 29, 2021.

(ii) All money in the Series 2021A Costs of Issuance Account shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Series 2021A Bonds including the Authority fee, and all money in the Series 2021B Costs of Issuance Account shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Series 2021B Bonds including the Authority Fee, upon receipt of Written Requests of the Authority filed with the Trustee, on which the Trustee may conclusively rely, each of which shall be sequentially numbered and shall state the person(s) to whom payment is to be made, the amount(s) to be paid, the purpose(s) for which the obligation(s) was incurred and that such payment is a proper charge against said account in said fund. For proceeds of the Series 2021A Bonds, on July 29, 2021, a date within 30 days after the date of issuance of the Series 2021A Bonds and for the Series 2021B Bonds, on December 29, 2021, a date within six months of the issuance of the Series 2021B bonds, or upon the earlier Written Request of the Authority, any remaining balance in the Series 2021A Costs of Issuance Account and Series 2021B Costs of Issuance Account, as the case may be, shall be transferred to the Treasurer for deposit in the Revenue Fund in the respective Revenue Fund Municipality Accounts as defined in Section 5.01 of the Trust Agreement, proportionally in the amounts referenced in

the Disbursement of Loan section of Schedule 1 to the Loan Agreement for each Municipality, which fund and accounts are created pursuant to Section 5.01 of the Trust Agreement; and

(b) Municipal Bond Purchase Fund:

(i) Series 2021A Bonds. Deposit the sum of \$2,112,741.53 from the proceeds of the Series 2021A Bonds to the Series 2021A Purchase Account within the Municipal Bond Purchase Fund, which account is hereby created, and therefrom transfer \$720,695.49 to the United States of America Department of Agriculture to refund the City of Hazelton, Idaho's (the "City of Hazelton") Sewer Revenue Bonds, Series 2008 and transfer \$1,392,046.04 to the United States of America Department of Agriculture to refund the Shelly Firth Fire District, Idaho's (the "Shelly Firth Fire District") General Obligation Bonds, Series 2014.

The remainder of proceeds deposited to the Series 2021A Purchase Account shall be applied or credited, along with the amounts deposited to the Series 2021A Costs of Issuance Account, to the Purchase Price of the Municipal Bonds listed in Exhibit B-1 hereto. To the extent that the Trustee, upon the written request of the Municipality, pays amounts on behalf of the Municipality from the Municipal Bond Purchase Fund, such amounts shall be a credit against the Purchase Price to be paid to the Municipality.

(ii) Series 2021B Bonds. Deposit the sum of \$38,952,447.24 (which is net of underwriter discount of \$116,186.25 and less the \$467,263.01 deposit to the Series 2021B Costs of Issuance Account and less \$64,777.50 used to purchase Debt Service Reserve Fund surety policies) from proceeds of the Series 2021B Bonds, \$1,328,202.25 in prior debt service reserve fund monies held for the Prior Bonds of certain Municipalities and \$469,202.40 in debt service fund monies held for the Prior bonds of certain Municipalities, to the Series 2021B Purchase Account within the Municipal Bond Purchase Fund, which account is hereby created, and therefrom transfer \$40,749,851.89 to the Series 2021B Escrow Fund established under the Escrow Agreement to defease and refund:

(1) \$19,550,000.00 of the Authority's Revenue Bonds, Series 2012D dated December 20, 2012, and thereby to also effect the defeasance and advance refunding of certain prior municipal bonds of City of Burley, Idaho ("City of Burley"), the City of Rupert, Idaho (the "City of Rupert"), and the City of St. Anthony, Idaho (the "City of St. Anthony"), pursuant to written requests of the Authority, City of Burley, the City of Rupert and the City of St. Anthony;

(2) \$13,900,000.00 of the Authority's Revenue Bonds, Series 2014A dated February 26, 2014 and the Authority's Revenue Bonds, Series 2014C dated November 18, 2014, thereby to also effect the defeasance and advance refunding of certain prior municipal bonds of the City of Jerome pursuant to written requests of the Authority and the City of Jerome; and

(3) \$3,895,000.00 of the Authority's Revenue Bonds, Series 2014B dated April 17, 2014, thereby to also effect the defeasance and advance refunding of certain prior

municipal bonds of the Lost River Hospital District pursuant to written requests of the Authority and the Lost River Hospital District.

The remainder of proceeds deposited to the Series 2021B Purchase Account shall be applied or credited, along with the amounts deposited to the 2021B Costs of Issuance Account and proceeds deposited to the Series 2021B Escrow Fund, to the Purchase Price of the Municipal Bonds listed in Exhibit B-2 hereto. To the extent that the Trustee, upon the written request of the Municipality, pays amounts on behalf of the Municipality from the Municipal Bond Purchase Fund, such amounts shall be a credit against the Purchase Price to be paid to the Municipality.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such transfers.

Section 2.05 Optional Redemption. The Series 2021A Bonds maturing on or prior to September 15, 2031, are not subject to optional redemption. The Series 2021A Bonds maturing on and after September 15, 2032, are subject to optional redemption prior to maturity at the written direction of the Authority, from any moneys deposited by the Authority, as a whole or in part on any date on or after September 15, 2031, and among such maturities as are designated by the Authority to the Trustee, at the Redemption Price of par plus accrued interest to the date of redemption.

The Series 2021B Bonds maturing on and after September 15, 2032, are subject to optional redemption prior to maturity at the written direction of the Authority, from any moneys deposited by the Authority, as a whole or in part on any date on or after September 15, 2031, and among such maturities and interest rates to be selected by the Authority, at the Redemption Price of par plus accrued interest to the date of redemption.

The Series 2021B Bonds are subject to redemption prior to the optional redemption date described above, at the option of the Authority, as a whole or in part on any date with maturities and interest rates to be selected by the Authority, at a redemption price described below (the “Make-Whole Redemption Price”) with the Series 2021B Bonds selected for redemption based on a “Pro Rata Pass-Through Distributions of Principal” basis, as described below.

The Make-Whole Redemption Price is equal to the greater of (1) 100% of the principal amount of the Series 2021B Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2021B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date of which the Series 2021B Bonds are to be redeemed, discounted to the date on which the Series 2021B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 15 basis points (0.15%); plus, in each case, accrued interest on the Series 2021B Bonds to be redeemed to the date on which the Series 2021B Bonds are to be redeemed.

“Business Day” means any day, other than a Saturday or Sunday, and other than a day on which the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular

Certificate, the United States Treasury security selected by the Independent Investment Banker which has an actual maturity comparable to the remaining average life of the Series 2021B Bonds of such maturity to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of such Certificate to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Certificate, (A) the average of the applicable Reference Treasury Deal Quotations for the redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Series 2021B Bonds obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers as designated by the Authority.

“Reference Treasury Dealer” means each of four firms, as designated by the Authority, and their respective successors; provided, however, that if any of them ceases to be a “Primary Treasury Dealer” (defined as a primary U.S. Government securities dealer in the City of New York), the Authority will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date for the Series 2021B Bonds of a particular maturity, the average, as determined by the Independent Investment Banker and communicated to the Authority, of the bid and asked prices for the applicable Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker and communicated to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Certificate, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue with respect thereto, computed as of the second Business Day immediately preceding that redemption date, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price with respect thereto for that redemption date.

As provided in Section 7.1 of the Loan Agreement, the Municipality may, under certain circumstances, prepay its Repayment Installments in accordance with this Section. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Series 2021A Bonds and/or Series 2021B Bonds related to the Loan Agreement.

Section 2.06 Mandatory Sinking Fund Redemption.

(a) Series 2021A Bonds:

The Series 2021A Bonds maturing on September 15, 2036, upon notice as hereinafter provided, shall also be subject to mandatory sinking fund redemption prior to maturity, in part on September 15 of each year on and after September 15, 2032, by lot, from mandatory Sinking Fund Installment payments in the amounts and on the dates set forth below:

<u>Redemption Date (September 15)</u>	<u>Principal Amount</u>
2032	\$ 90,000
2033	100,000
2034	100,000
2035	105,000
2036*	110,000

* *Final Maturity*

(b) Series 2021A Bonds:

The Series 2021A Bonds maturing on September 15, 2042, upon notice as hereinafter provided, shall also be subject to mandatory sinking fund redemption prior to maturity, in part on September 15 of each year on and after September 15, 2037, by lot, from mandatory Sinking Fund Installment payments in the amounts and on the dates set forth below:

<u>Redemption Date (September 15)</u>	<u>Principal Amount</u>
2037	\$110,000
2038	65,000
2039	65,000
2040	70,000
2041	75,000
2042*	75,000

* *Final Maturity*

(c) Series 2021B Bonds:

There are no Mandatory Sinking Fund Installment payments under the Series 2021B Bonds.

Section 2.07 Defeasance.

(a) **Discharge of Indebtedness.** If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the bondholders the principal of and interest due or to become due on the Series 2021A Bonds and the Series 2021B Bonds, as the case may be, at the times and in the manner stipulated therein and in the Trust Agreement, then the pledge of any Revenues and other monies, securities and funds pledged under the Trust Agreement and all covenants, agreements and other obligations of the Authority to the bondholders shall thereupon cease, terminate and become void and be discharged and satisfied, and such Bonds shall cease to be entitled to any lien, benefit or security under the Trust Agreement.

(b) **Provision for Defeasance of the Bonds.** In the event that money or investments described in the definition of Permitted Investments (excluding number 13), maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in such amounts as are sufficient (together with any resulting cash balances), as certified by a certified public accountant selected by the Authority, to redeem and retire part or all of the Series 2021A Bonds and Series 2021B Bonds, as the case may be, in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no

further payments need be made into the Revenue Fund therein for the payment of the principal of and interest on the Series 2021A Bonds and Series 2021B Bonds so provided for, and such Bonds and interest accrued thereon shall then cease to be entitled to any lien, benefit or security of the Trust Agreement, except the right to receive the funds so set aside and pledged, and such Bonds and interest accrued thereon shall no longer be deemed to be Outstanding hereunder.

(c) **Disposition of Funds and Accounts.** Upon the deposit with the Trustee of moneys sufficient to pay all principal of, premium, if any, and interest on the Series 2021A Bonds and Series 2021B Bonds, or upon the making of adequate provisions for the payment of such amounts, all moneys remaining in all Funds and Accounts, as defined in Section 5.01 of the Master Trust Agreement, except moneys necessary to pay principal or premium, if any, and interest on the Series 2021A Bonds and Series 2021B Bonds, shall be paid to the Authority.

Section 2.08 Provision for Series 2021A and Series 2021B Revenue Accounts. There are hereby created in the Revenue Fund separate subaccounts for the Series 2021A Bonds and Series 2021B Bonds within the Interest Account and the Principal Account of the Revenue Fund. Principal and interest portions of the Repayment Installments shall be deposited to the applicable subaccounts in the Revenue Fund and applied in accordance with the Trust Agreement and applicable Loan Agreement.

ARTICLE III -- [RESERVED]

ARTICLE IV - MISCELLANEOUS PROVISIONS

Section 4.01 Relation of this Supplemental Trust Agreement to the Trust Agreement. Except as in this Supplemental Trust Agreement expressly provided, every term and condition contained in the Trust Agreement shall apply to this Supplemental Trust Agreement and to the Series 2021A Bonds and Series 2021B Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Supplemental Trust Agreement.

This Supplemental Trust Agreement and all the terms and provisions herein contained shall form part of the Trust Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the Trust Agreement. The Trust Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 4.02 Effective Date of Supplemental Trust Agreement. This Supplemental Trust Agreement shall take effect upon its execution and delivery.

Section 4.03 Execution in Counterparts. This Supplemental Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 4.04 Electronic Signatures. The parties agree that the electronic signature of a party to this Supplemental Indenture, including all acknowledgements, authorizations, directions, waivers

and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Supplemental Indenture) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Section 4.05 Successor Trustee. It is acknowledged that Zions Bancorporation, National Association, has replaced the Bank of New York Mellon Trust Company, N.A., as Trustee for the Bonds under the Trust Agreement pursuant to a separate tri-party agreement and that notices have been sent to, and consents obtained to the appointment, as required, have been received. Notification of the appointment, as required, has also been given to Bond Owners.

Section 4.06 Anti-Boycott Against Israel Certification. The Trustee, by entering into this Supplemental Trust Agreement, hereby certifies that it and its affiliates are not currently engaged in, or for the duration of this Agreement will not engage in, a boycott of goods or services from the State of Israel or territories under its control.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the IDAHO BOND BANK AUTHORITY has caused this Thirty-First Supplemental Trust Agreement to be signed in its name by its Executive Director, and ZIONS BANCORPORATION, NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Supplemental Trust Agreement to be signed by one of the officers thereunder duly authorized, all as of the day and year first above written.

IDAHO BOND BANK AUTHORITY

By: _____
Executive Director

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

APPROVED:

State Treasurer

Acknowledged as to Article VI of the Master Trust Agreement, as amended:

State Controller

**EXHIBIT A-1
FORM OF SERIES 2021A BOND**

No. RA-1

\$ _____

**IDAHO BOND BANK AUTHORITY
REFUNDING REVENUE BONDS, SERIES 2021A**

<u>INTEREST RATE</u> _____ %	<u>MATURITY DATE</u> September 15, _____	<u>DATED DATE</u> June 29, 2021	<u>CUSIP</u> _____
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Registered Owner:

CEDE & CO.

Principal Amount:

*** _____ and NO/100ths DOLLARS***

The Idaho Bond Bank Authority, an independent public body corporate and politic, duly organized and existing under and pursuant to the laws of the State of Idaho (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on March 15 and September 15 in each year, commencing on September 15, 2021. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. In the event the Bonds (hereinafter defined) are no longer maintained in book-entry form, the interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Principal Office (as that term is defined in the Trust Agreement), or upon written request of an owner, received prior to the Record Date preceding an interest payment date, of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Principal Office of the Trustee.

This Bond is one of a duly authorized issue of Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A (the "Bonds") all of like tenor, and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the "Bond Law"), and pursuant to the provisions of the Master Trust Agreement, dated as of December 1, 2004 (the "Master Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee, which trustee was replaced by The Bank of New York Mellon Trust Company, N.A. which trustee has been replaced by Zions Bancorporation, National Association (the "Trustee") and the Thirty-First Supplemental Trust Agreement dated as of May 1, 2021 (the "Thirty-First Supplemental Trust Agreement"), together

with the First Supplemental Trust Agreement dated as of December 1, 2004, the Second Supplemental Trust Agreement dated as of November 1, 2006, the Third Supplemental Trust Agreement dated as of November 30, 2006, the Fourth Supplemental Trust Agreement dated as of November 1, 2007, the Fifth Supplemental Trust Agreement dated as of April 1, 2008, the Sixth Supplemental Trust Agreement dated as of May 1, 2008, the Seventh Supplemental Trust Agreement dated as of November 1, 2008, the Eighth Supplemental Trust Agreement dated as of November 1, 2008, the Ninth Supplemental Trust Agreement dated as of February 1, 2009, the Tenth Supplemental Trust Agreement dated as of June 1, 2009, the Eleventh Supplemental Trust Agreement dated as of November 1, 2009, the Twelfth Supplemental Trust Agreement dated as of May 1, 2010, the Thirteenth Supplemental Trust Agreement dated as of November 1, 2010, the Fourteenth Supplemental Trust Agreement dated as of December 1, 2010, the Fifteenth Supplemental Trust Agreement dated as of August 1, 2011, the Sixteenth Supplemental Trust Agreement dated as of February 1, 2012, the Seventeenth Supplemental Trust Agreement dated as of June 1, 2012, the Eighteenth Supplemental Agreement dated as of October 1, 2012, the Nineteenth Supplemental Agreement dated as of December 1, 2012, the Twentieth Supplemental Trust Agreement dated as of June 1, 2013, the Twenty-First Supplemental Trust Agreement dated as of August 1, 2013, the Twenty-Second Supplemental Trust Agreement dated as of February 1, 2014, the Twenty-Third Supplemental Trust Agreement dated as of April 1, 2014, the Twenty-Fourth Supplemental Trust Agreement dated as of November 1, 2014, the Twenty-Fifth Supplemental Trust Agreement dated as of March 1, 2015, the Twenty-Sixth Supplemental Trust Agreement dated as of July 1, 2015, the Twenty-Seventh Supplemental Trust Agreement dated as of March 1, 2017, the Twenty-Eighth Supplemental Trust Agreement dated as of September 1, 2017, the Twenty-Ninth Supplemental Trust Agreement dated as of March 1, 2018, and the Thirtieth Supplemental Trust Agreement dated as of October 1, 2020, all between the Authority and the Trustee (collectively, the “Trust Agreement”). The Bonds are principally secured by all amounts payable to the Authority pursuant to the Loan Agreement (as defined in the Trust Agreement). Under the Trust Agreement, the Authority has assigned all of its rights to receive payments under the Loan Agreement to the Trustee. All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement, and reference is hereby made to the Trust Agreement, to any Trust Agreements supplemental thereto and to the Bond Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and all the terms of the Trust Agreement and the Bond Law are hereby incorporated herein and constitute a contract between the Authority and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by his acceptance hereof, consents and agrees; and each registered owner hereof shall have recourse to all the provisions of the Bond Law and the Trust Agreement and shall be bound by all the terms and conditions thereof.

The Bonds are special obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Revenues (as that term is defined in the Trust Agreement) and other funds as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues and such other funds. The Bonds are equally secured by a pledge of, and charge and lien upon, the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds.

Neither the faith and credit nor the taxing power of the State of Idaho or any public agency thereof or any member of the Authority is pledged to the payment of the Bonds. The Bonds do not constitute a debt, liability or obligation of the State of Idaho or any public agency thereof (other than the Authority) or any member of the Authority, and neither the directors of the Authority nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Authority hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds issued under the Trust Agreement when due, there has been created and will be maintained by the Authority a special fund (the "Revenue Fund") into which all Revenues shall be deposited, and as an irrevocable charge the Authority has allocated the Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Authority will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue out of the Revenue Fund and such other funds, all in accordance with the terms and provisions set forth in the Trust Agreement.

The Bonds are subject to redemption as provided in the Trust Agreement. As provided in the Trust Agreement, notice of redemption of this Bond or any portion thereof shall be mailed by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof and to those information services and securities depositories required by the Trust Agreement, but failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then such Bonds or such portions thereof shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on such Bonds or such portions thereof so called for redemption shall cease to accrue and registered owners of such Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of such redemption price thereof.

The Bonds are issuable only in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the Principal Office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any other authorized denominations and of the same maturity date, in the manner, subject to the conditions and upon the payment of the charges provided in the Trust Agreement.

This Bond is transferable, as provided in the Trust Agreement, only upon a register to be kept for that purpose at the Principal Office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer in substantially the form attached hereto duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds, in the same aggregate principal amount and of the same maturity date, shall be issued to the transferee in exchange therefor as provided in the Trust Agreement, and upon payment of the charges therein prescribed. The Authority and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the Authority, the Municipalities and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Trust Agreement.

This Bond shall not be entitled to any benefits under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee upon receipt of a Written Request of the Authority.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of Idaho, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Idaho Bond Bank Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Executive Director and attested to by the manual or facsimile signature of its Secretary, and has caused this Bond to be dated June 29, 2021.

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Series 2021A Bonds described in the within-mentioned Trust Agreement.

Dated: June 29, 2021.

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Trustee**

By _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

the within-mentioned registered Bond and hereby irrevocably constitutes and appoint(s) as attorney
to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signatures to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signatures must be guaranteed by an eligible guarantor institution. Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**EXHIBIT A-2
FORM OF SERIES 2021B BOND**

No. RB-1

\$ _____

**IDAHO BOND BANK AUTHORITY
REFUNDING REVENUE BONDS, SERIES 2021B (FEDERALLY TAXABLE)**

<u>INTEREST RATE</u> _____%	<u>MATURITY DATE</u> September 15, ____	<u>DATED DATE</u> June 29, 2021	<u>CUSIP</u> _____
--------------------------------	--	------------------------------------	-----------------------

Registered Owner:

CEDE & CO.

Principal Amount:

*** _____ and NO/100ths DOLLARS***

The Idaho Bond Bank Authority, an independent public body corporate and politic, duly organized and existing under and pursuant to the laws of the State of Idaho (the "Authority"), for value received hereby promises to pay (but only from the Revenues and other funds hereinafter referred to) to the registered owner specified above, or registered assigns, on the maturity date specified above, the principal amount specified above, together with interest thereon from the interest payment date next preceding the date of registration of this Bond until the principal hereof shall have been paid, at the rate of interest specified above, payable semiannually on March 15 and September 15 in each year, commencing on September 15, 2021. Both the interest hereon and principal hereof and redemption premium, if any, hereon are payable in lawful money of the United States of America. In the event the Bonds (hereinafter defined) are no longer maintained in book-entry form, the interest hereon is payable by check mailed by first class mail, postage prepaid, on each interest payment date to the person in whose name this Bond is registered at the close of business on the Record Date next preceding the applicable interest payment date at such person's address as it appears on the registration books of the Trustee kept at the Principal Office (as that term is defined in the Trust Agreement), or upon written request of an owner, received prior to the Record Date preceding an interest payment date, of at least one million dollars (\$1,000,000) in aggregate principal amount of Bonds, by wire transfer in immediately available funds to an account designated by such owner within the continental United States of America, and the principal (or redemption price) hereof is payable upon surrender hereof at maturity or the earlier redemption hereof at the Principal Office of the Trustee.

This Bond is one of a duly authorized issue of Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021B (the "Bonds") all of like tenor, and date (except for such variations, if any, as may be required to designate varying numbers, maturities, interest rates or redemption provisions), all issued under the provisions of Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the "Bond Law"), and pursuant to the provisions of the Master Trust Agreement, dated as of December 1, 2004 (the "Master Trust Agreement"), by and between the Authority and U.S. Bank National Association, as trustee, which trustee was replaced by The Bank of New York Mellon Trust Company, N.A. which trustee has been replaced by Zions Bancorporation, National Association (the "Trustee") and the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the "Thirty-First Supplemental Trust Agreement"), together

with the First Supplemental Trust Agreement dated as of December 1, 2004, the Second Supplemental Trust Agreement dated as of November 1, 2006, the Third Supplemental Trust Agreement dated as of November 30, 2006, the Fourth Supplemental Trust Agreement dated as of November 1, 2007, the Fifth Supplemental Trust Agreement dated as of April 1, 2008, the Sixth Supplemental Trust Agreement dated as of May 1, 2008, the Seventh Supplemental Trust Agreement dated as of November 1, 2008, the Eighth Supplemental Trust Agreement dated as of November 1, 2008, the Ninth Supplemental Trust Agreement dated as of February 1, 2009, the Tenth Supplemental Trust Agreement dated as of June 1, 2009, the Eleventh Supplemental Trust Agreement dated as of November 1, 2009, the Twelfth Supplemental Trust Agreement dated as of May 1, 2010, the Thirteenth Supplemental Trust Agreement dated as of November 1, 2010, the Fourteenth Supplemental Trust Agreement dated as of December 1, 2010, the Fifteenth Supplemental Trust Agreement dated as of August 1, 2011, the Sixteenth Supplemental Trust Agreement dated as of February 1, 2012, the Seventeenth Supplemental Trust Agreement dated as of June 1, 2012, the Eighteenth Supplemental Agreement dated as of October 1, 2012, the Nineteenth Supplemental Agreement dated as of December 1, 2012, the Twentieth Supplemental Trust Agreement dated as of June 1, 2013, the Twenty-First Supplemental Trust Agreement dated as of August 1, 2013, the Twenty-Second Supplemental Trust Agreement dated as of February 1, 2014, the Twenty-Third Supplemental Trust Agreement dated as of April 1, 2014, the Twenty-Fourth Supplemental Trust Agreement dated as of November 1, 2014, the Twenty-Fifth Supplemental Trust Agreement dated as of March 1, 2015, the Twenty-Sixth Supplemental Trust Agreement dated as of July 1, 2015, the Twenty-Seventh Supplemental Trust Agreement dated as of March 1, 2017, the Twenty-Eighth Supplemental Trust Agreement dated as of September 1, 2017, the Twenty-Ninth Supplemental Trust Agreement dated as of March 1, 2018, and the Thirtieth Supplemental Trust Agreement dated as of October 1, 2020, all between the Authority and the Trustee (collectively, the “Trust Agreement”). The Bonds are principally secured by all amounts payable to the Authority pursuant to the Loan Agreement (as defined in the Trust Agreement). Under the Trust Agreement, the Authority has assigned all of its rights to receive payments under the Loan Agreement to the Trustee. All the Bonds are equally and ratably secured in accordance with the terms and conditions of the Trust Agreement, and reference is hereby made to the Trust Agreement, to any Trust Agreements supplemental thereto and to the Bond Law for a description of the terms on which the Bonds are issued, for the provisions with regard to the nature and extent of the security provided for the Bonds and of the nature, extent and manner of enforcement of such security, and for a statement of the rights of the registered owners of the Bonds; and all the terms of the Trust Agreement and the Bond Law are hereby incorporated herein and constitute a contract between the Authority and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by his acceptance hereof, consents and agrees; and each registered owner hereof shall have recourse to all the provisions of the Bond Law and the Trust Agreement and shall be bound by all the terms and conditions thereof.

The Bonds are special obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption thereof, exclusively from the Revenues (as that term is defined in the Trust Agreement) and other funds as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues and such other funds. The Bonds are equally secured by a pledge of, and charge and lien upon, the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds.

Neither the faith and credit nor the taxing power of the State of Idaho or any public agency thereof or any member of the Authority is pledged to the payment of the Bonds. The Bonds do not constitute a debt, liability or obligation of the State of Idaho or any public agency thereof (other than the Authority) or any member of the Authority, and neither the directors of the Authority nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

The Authority hereby covenants and warrants that, for the payment of the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds issued under the Trust Agreement when due, there has been created and will be maintained by the Authority a special fund (the "Revenue Fund") into which all Revenues shall be deposited, and as an irrevocable charge the Authority has allocated the Revenues to the payment of the interest on and principal of and redemption premiums, if any, on the Bonds, and the Authority will pay promptly when due the interest on and principal of and redemption premium, if any, on this Bond and all other Bonds of this issue out of the Revenue Fund and such other funds, all in accordance with the terms and provisions set forth in the Trust Agreement.

The Bonds are subject to redemption as provided in the Trust Agreement. As provided in the Trust Agreement, notice of redemption of this Bond or any portion thereof shall be mailed by first class mail, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the redemption date to the registered owner hereof and to those information services and securities depositories required by the Trust Agreement, but failure to receive such notice shall not affect the sufficiency of such proceedings for redemption. If notice of redemption has been duly given as aforesaid and money for payment of the above-described redemption price is held by the Trustee, then such Bonds or such portions thereof shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on such Bonds or such portions thereof so called for redemption shall cease to accrue and registered owners of such Bonds or such portions thereof shall have no rights in respect thereof except to receive payment of such redemption price thereof.

The Bonds are issuable only in the form of fully registered Bonds in denominations of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The owner of any Bond or Bonds may surrender the same at the Principal Office of the Trustee, in exchange for an equal aggregate principal amount of Bonds of any other authorized denominations and of the same maturity date, in the manner, subject to the conditions and upon the payment of the charges provided in the Trust Agreement.

This Bond is transferable, as provided in the Trust Agreement, only upon a register to be kept for that purpose at the Principal Office of the Trustee, by the registered owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer in substantially the form attached hereto duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds, in the same aggregate principal amount and of the same maturity date, shall be issued to the transferee in exchange therefor as provided in the Trust Agreement, and upon payment of the charges therein prescribed. The Authority and the Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the interest hereon and principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the Authority, the Municipalities and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Trust Agreement.

This Bond shall not be entitled to any benefits under the Trust Agreement or become valid or obligatory for any purpose until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee upon receipt of a Written Request of the Authority.

It is hereby certified that all of the acts, conditions and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Constitution or laws of the State of Idaho, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

IN WITNESS WHEREOF, the Idaho Bond Bank Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Executive Director and attested to by the manual or facsimile signature of its Secretary, and has caused this Bond to be dated June 29, 2021.

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

Attest:

Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Series 2021B Bonds described in the within-mentioned Trust Agreement.

Dated: June 29, 2021.

**ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, as Trustee**

By _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto

the within-mentioned registered Bond and hereby irrevocably constitutes and appoint(s) as attorney
to transfer the same on the books of the Trustee, with full power of substitution in the premises.

Dated: _____

SIGNATURE GUARANTEED BY:

Note: The signatures to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signatures must be guaranteed by an eligible guarantor institution. Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Authority or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

EXHIBIT B-1

**LIST OF MUNICIPALITY, MUNICIPAL BOND,
PRINCIPAL AMOUNT AND NET PURCHASE PRICE FOR PURCHASE FROM
PROCEEDS OF THE SERIES 2021A BONDS**

	Municipality and Bond Obligation	Municipal Bond Principal Amount	Purchase Price*
1.	<u>City of Hazelton, Idaho</u> Sewer Refunding Revenue Bonds, Series 2021 (Tax-Exempt)	\$615,000.00	\$735,479.41
	<u>Shelly Firth Fire Protection District, Bingham County, Idaho</u> General Obligation Refunding Bonds, Series 2021 (Tax-Exempt)	\$1,185,000.00	\$1,417,607.04

** Net of Underwriter Discount. Such purchase price amount includes \$40,344.92 in the aggregate for the Series 2021A Bonds being deposited to the Series 2021A Costs of Issuance Account, which costs of issuance amount includes the Idaho Bond Bank Authority Fee and rounding amount as additional proceeds.*

EXHIBIT B-2

**LIST OF MUNICIPALITIES, MUNICIPAL BOND,
PRINCIPAL AMOUNT AND NET PURCHASE PRICE FOR PURCHASE FROM
PROCEEDS OF THE SERIES 2021B BONDS**

	Municipality and Bond Obligation	Municipal Bond Principal Amount	Purchase Price*
1.	<u>City of Burley, Idaho</u> Water Refunding Revenue Bonds, Series 2021 (Federally Taxable)	\$830,000.00	\$984,724.48
2.	<u>City of Burley, Idaho</u> Sewer Refunding Revenue Bonds, Series 2021 (Federally Taxable)	\$8,195,000.00	\$9,901,004.64
3.	<u>City of Rupert, Idaho</u> Water Refunding Revenue Bonds, Series 2021 (Federally Taxable)	\$645,000.00	\$781,930.21
4.	<u>City of Rupert, Idaho</u> Sewer Refunding Revenue Bonds, Series 2021 (Federally Taxable)	\$6,200,000.00	\$7,125,268.69
5.	<u>City of St. Anthony, Idaho</u> Sewer Refunding Revenue Bonds, Series 2021 (Federally Taxable)	\$1,585,000.00	\$1,793,862.07
6.	<u>City of St. Anthony, Idaho</u> Water Refunding Revenue Bonds, Series 2021 (Federally Taxable)	\$265,000.00	\$308,730.19
7.	<u>City of Jerome, Idaho</u> Sewer Refunding Revenue Bonds, Series 2021 (Federally Taxable)	\$12,530,000.00	\$14,173,483.35
8.	<u>Lost Rivers Hospital District, Butte and Custer Counties, Idaho</u> General Obligation Refunding Bonds, Series 2021(Federally Taxable)	\$3,840,000.00	\$4,415,484.12

** Net of Underwriter Discount. Such purchase price amount includes \$467,263.01 in the aggregate for the Series 2021B Bonds being deposited to the Series 2021B Costs of Issuance Account, which costs of issuance amount includes the Idaho Bond Bank Authority Fee and rounding amount as additional proceeds. The purchase price amount for the City of Burley Sewer Refunding Revenue*

Bond includes \$36,877.50 used to purchase a Debt Service Reserve Fund surety policy. The purchase price for the City of Rupert Sewer Refunding Revenue Bond includes \$27,900.00 used to purchase a Debt Service Reserve Fund surety policy.

Appendix E-2

Series 2021A Participant Loan Agreements (City of Hazelton, Idaho and Shelley-Firth Fire Protection District, Idaho)

DRAFT
Refunding Tax-Exempt Form
Revenue Bonds, Intercept - Sewer

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF HAZELTON, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Refunding Revenue Bonds
Series 2021A

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LOAN AGREEMENT
Refunding

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF HAZELTON, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

W I T N E S S E T H :

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on November 17, 2008, the Municipality borrowed funds from the United States Department of Agriculture (the “Prior Loan”) to finance improvements to its sewer system, and the Municipality intends to issue its Sewer Refunding Revenue Bond, Series 2021 (the “Municipal Bond”) for the purpose of currently refunding the Prior Loan, and thereby refinance certain sewer facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Refunding Revenue Bonds, Series 2021A (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 265 adopted on May 12, 2021 (the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Loan and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Loan;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in

Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”) by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the “Trust Agreement.”

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the Mayor or Municipality Clerk, Finance Officer, or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Ordinance” means the Bond Ordinance as defined in the WHEREAS Clauses above.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Consulting Engineer” means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include

municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of Hazelton, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract,

the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Loan” means the Municipality’s Sewer Revenue Bond, Series 2008, held by the United States of America through the United States Department of Agriculture.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“Sewer Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

“System” means all of the Municipality’s sewer system, and its sewer facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

(a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that refinancing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of the facilities described in Exhibit A hereto and the redemption of the Prior Loan. The Municipality shall make no

changes to any portion of the Project or to the operation thereof which would impair the exemption from gross income of the interest on the Bonds or the Municipal Bond for federal income tax purposes. In particular, the Municipality has reviewed the Tax Certificate, dated the Issue Date (the "Tax Certificate"), which is hereby incorporated by reference herein, nothing has come to the Municipality's attention contrary to its understanding and the Municipality shall comply with all requirements of the Tax Certificate.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to the Municipality to repay the Prior Bonds in accordance with this Loan Agreement..

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Loan which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. Said Loan shall be disbursed as described in Schedule 1 hereto and once such funds are applied to redeem the Prior Loan, the loan agreement for such Prior Loan is discharged. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof. The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness Of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in

a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or

other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

(iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the “Sewer Revenue Fund,” which is the Revenue Fund held by the Municipality, and herein designated as the “Income Fund,” which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the “Income Fund” and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such

funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Repayment Installments. Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Surplus. Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of the Municipality payable from the System Net Revenues and secured by a lien and charge on the

System Net Revenues if, after the issuance and delivery of such additional obligations, none of the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit If the Municipality fails to comply with the requirements as to System rates and charges set forth in Section 5.11 hereof or fails to maintain System Net Revenues, plus any credit from the Rate Stabilization Account in accordance with Section 4.5 and 4.6 hereof, equal to at least 150% of Annual Debt Service in any Fiscal Year and is unable to bring itself into compliance within 60 days after discovery by the Municipality of such failure, it shall immediately notify the Authority and the Trustee and shall establish from funds of the Municipality a Reserve Fund held by the Municipality funded in the amount of 2.5% of the outstanding principal balance of the Loan during the first succeeding Fiscal Year, 5.0% of the outstanding principal balance of the Loan in the second succeeding Fiscal Year, 7.5% of the outstanding principal balance of the Loan in the third succeeding Fiscal Year and 10% of outstanding principal balance of the Loan in the fourth succeeding Fiscal Year and 10% of the outstanding principal balance of the Loan for each succeeding Fiscal Year thereafter, provided that at no time shall the amount in the Reserve Fund exceed the lesser of 10% of the outstanding principal balance of the Loan, the Maximum Annual Debt Service on the Loan or 125% of the average annual debt service on the Loan (the "Reserve Requirement"). The required percentage amounts shall be fully funded by the Municipality no later than the end of the applicable Fiscal Year. Such Reserve Fund shall be drawn upon if needed to make the Repayment Installments hereunder and may, upon the election of the Municipality with 30 days prior written notice to the Authority, also secure any subsequent Parity Debt if so elected by the Municipality provided that the Reserve Requirement shall cover all Parity Debt and not just the Loan. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by Municipality on the Loan results in a balance in such fund lower than the Reserve Requirement, the Municipality shall replenish said account to the Reserve Requirement from System Net Revenues as soon as possible but not later than one (1) year from the date of such drawing.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Water and Sewer Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

- (a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting

practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Water and Sewer Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage as set forth in Section 4.4.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section 5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Tax Exempt Status of Bonds.

(a) It is the intention of the parties hereto that interest on the Bonds, shall be and remain excluded from gross income for federal income tax purposes. To that end, the covenants and agreements of the Authority and the Municipality in this Section and in the Tax Certificate are for the benefit of the Trustee and each and every person who at any time will be a holder of the Bonds. Without limiting the generality of the foregoing, the Municipality and the Authority agree that there shall be paid by the Municipality from time to time all rebate with respect to the Municipal Bonds under Section 148 of the Code and the "Municipality's Share" of all amounts required to be rebated to the United States pursuant to the rebate requirement with respect to the Bonds (the "Rebate Requirement") under Section 148 of the Code and the Tax Certificate. The "Municipality's Share" means the amount of the Rebate Requirement relating to the Bonds, determined as specified in the Tax Certificate, including (i) treating as the yield on the Municipal Bond the yield on the Authority's Series 2021A Bonds allocated to the Municipal Bond and (ii) treating any amounts held by the Authority and allocable to the Municipal Bond as proceeds of the Municipal Bond. This covenant shall survive payment in full or defeasance of the Bonds and the Municipal Bond. The Municipality specifically covenants to pay or cause to be

paid for and on behalf of the Authority to the United States at the times and in the amounts determined under Section 7.03 of the Trust Agreement the Municipality's share of the Rebate Requirement as described in the Tax Certificate and the Trust Agreement. The Authority shall not be liable to make any such payment except from funds provided by the Municipality for such purpose. In addition, the Municipality represents that it does not expect to use any fund or account other than the Income Fund, directly or indirectly, to pay principal of or interest on the Loan or the Bonds, nor is any fund or account of the Borrower, however established, other than the Income Fund as applicable, pledged as security for the Loans or the Bonds in such a manner that there is a reasonable assurance that amounts held in such funds or accounts will be available to pay debt service with respect to the Loan or the Bonds.

(b) The Authority covenants and agrees that it has not taken and will not take any action which results in interest to be paid on the Bonds being included in gross income of the holders of the Bonds for federal income tax purposes, and the Municipality covenants and agrees that it has not taken or permitted to be taken and will not take or permit to be taken any action which will cause the interest on the Bonds to become includable in gross income for federal income tax purposes. The Municipality acknowledges having read Section 7.03 of the Trust Agreement and agrees to perform all duties imposed on it by such Section, by this Section and by the Tax Certificate. Insofar as Section 7.03 of the Trust Agreement and the Tax Certificate impose duties and responsibilities on the Authority or the Municipality, they are specifically incorporated herein by reference.

(c) Notwithstanding any provision of this Section 5.7 or Section 7.03 of the Trust Agreement, if the Municipality shall provide to the Authority and the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section 5.7 and Section 7.03 of the Trust Agreement is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds or Municipal Bonds, the Municipality, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants set forth in this Section 5.7 shall be deemed to be modified to that extent.

(d) The Municipality agrees to comply with the Authority's Post Issuance Tax Compliance Procedures, the current form of which is attached hereto as Exhibit E.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter (“Annual Surveillance Letter”) for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the status of the Municipality’s financial condition and obligations under this Loan Agreement (the “Annual Surveillance Response”). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality’s fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;

- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) Additional Information. Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Municipality shall have no obligation under this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect,

upon the System Revenues and the security of the Repayment Installments, and a Certificate of the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs.

(ii) The Repayment Installments and the payments for the other Parity Debt and the payment of any Subordinate Obligations as they become due and payable.

(iii) All payments required for compliance with the terms hereof.

(iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in

interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the Income Fund, and upon request, which the Trustee has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

(a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or

(b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected

within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.
- (b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any

such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other

municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement,

or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other

provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Post Issuance Tax Compliance Procedures of the Authority. The parties hereto both acknowledge the Post Issuance Tax Compliance Procedures of the Authority attached hereto as Exhibit E and agree that they will follow and comply with said procedures including without limitation Municipality's agreement to retention of various records relating to the Loan as set forth in the said Procedures for the term of the Loan plus three years.

Section 10.10. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be

deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of Hazelton, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF HAZELTON, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF HAZELTON

Prior Loan Date:	November 17, 2008
Prior Loan Original Par Amount:	United States Department of Agriculture Loan \$950,000.00.
Municipal Bond Purchase Price:	Par amount of \$615,000.00 plus a premium of \$129,947.90 less Underwriter Discount of \$9,468.49, for a net purchase price of \$735,479.41.
Repayment Amount:	\$615,000.00 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on or prior to September 15, 2031, are not subject to prepayment. The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment.
Municipality address:	246 Main Street, Hazelton, Idaho 83335
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$720,695.49 to pay off the Prior Loan. 2. \$12,528.71 to the Series 2021A Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance including \$431.53 of contingency. 3. \$348.79 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021A Cost of Issuance Account, 4. \$1,906.42 from rounding is being held by the Trustee for the benefit of Hazelton to be used for additional costs of issuance and if not applied to the payment of costs of issuance then to be applied to payment of debt service on the Municipality's Loan.
Reserve Fund:	The Municipality qualifies for a debt service reserve fund waiver as a result of debt service coverage in excess of 1.5x or 150% unless subsequently required by Section 4.4 after closing.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Sewer Revenue Refunding Bond, Series 2021, in the principal amount of \$615,000.00, for the purpose of refunding the Municipality's outstanding Prior Loan, dated November 17, 2008 which originally financed and/or refinanced all or a portion of the costs of design and construction of various improvements for the sewer system of the City of Hazelton, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Period Ending	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			\$5,193.33	\$5,193.33
03/15/2022			12,300.00	12,300.00
09/15/2022	\$30,000	4.000%	12,300.00	42,300.00
03/15/2023			11,700.00	11,700.00
09/15/2023	30,000	4.000%	11,700.00	41,700.00
03/15/2024			11,100.00	11,100.00
09/15/2024	30,000	4.000%	11,100.00	41,100.00
03/15/2025			10,500.00	10,500.00
09/15/2025	30,000	4.000%	10,500.00	40,500.00
03/15/2026			9,900.00	9,900.00
09/15/2026	35,000	4.000%	9,900.00	44,900.00
03/15/2027			9,200.00	9,200.00
09/15/2027	35,000	4.000%	9,200.00	44,200.00
03/15/2028			8,500.00	8,500.00
09/15/2028	35,000	4.000%	8,500.00	43,500.00
03/15/2029			7,800.00	7,800.00
09/15/2029	35,000	4.000%	7,800.00	42,800.00
03/15/2030			7,100.00	7,100.00
09/15/2030	40,000	4.000%	7,100.00	47,100.00
03/15/2031			6,300.00	6,300.00
09/15/2031	40,000	4.000%	6,300.00	46,300.00
03/15/2032			5,500.00	5,500.00
09/15/2032	40,000	4.000%	5,500.00	45,500.00
03/15/2033			4,700.00	4,700.00
09/15/2033	45,000	4.000%	4,700.00	49,700.00
03/15/2034			3,800.00	3,800.00
09/15/2034	45,000	4.000%	3,800.00	48,800.00
03/15/2035			2,900.00	2,900.00
09/15/2035	45,000	4.000%	2,900.00	47,900.00
03/15/2036			2,000.00	2,000.00
09/15/2036	50,000	4.000%	2,000.00	52,000.00
03/15/2037			1,000.00	1,000.00
09/15/2037	50,000	4.000%	1,000.00	51,000.00

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 265 adopted May 12, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. Tax Certificate of Municipality.
- i. General Certificate.
- j. No Litigation and Signature Identification Certificate.
- k. Purchaser's Receipt for Bond.
- l. IRS Form 8038-G.
- m. Receipt for Proceeds of Bond and Certificate and Request.
- n. Certificate of Investigation.
- o. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

EXHIBIT E

Post Issuance Tax Compliance Procedures

(attached)

Idaho Bond Bank Authority
Post-Issuance Tax Compliance Procedures
For Tax-Exempt Bonds

March 13, 2012

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds ("Bonds") issued by the Idaho Bond Bank Authority (the "Authority") so as to ensure that the Authority complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds. The Authority reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The Authority also reserves the right to change these policies and procedures from time to time.

General

Inasmuch as the Authority is a responsible conduit issuer authorizing the issuance of Bonds for eligible borrowers (each, a "Borrower"), the Authority now identifies post-issuance tax compliance procedures for all Bonds issued by the Authority for Borrowers, as well as the Authority's expectations of and requirements for all Borrowers concerning these procedures. For tax-exempt bonds issued by the Authority, each loan ("Loan") to each Borrower will be a tax-exempt obligation, as evidenced by an unqualified opinion of bond counsel to each Borrower. Ultimate responsibility for all matters relating to Authority financings and refinancings rests with the Authority Executive Director (the "Executive Director"). Ultimate responsibility for all matters relating to Loans rests with the corresponding officer at each Borrower.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Executive Director and other appropriate Authority personnel and the corresponding personnel of each Borrower shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in an Authority and Borrower resolutions, Tax Certificates and / or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds or the Loan, as appropriate.

The Executive Director and other appropriate Authority personnel and the corresponding personnel of each Borrower also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection

with future contracts with respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond- financed assets.

Whenever necessary or appropriate, the Authority shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Role of the Authority as Bond Issuer

Unless otherwise provided by Authority resolutions, unexpended Bond proceeds shall be held by the Authority, and the investment of Bond proceeds shall be managed by the Executive Director. The Executive Director shall maintain records regarding the investments and transactions involving Bond proceeds held by the Authority or the Trustee for the bonds. Funds transferred to the Borrower shall constitute expending Bond proceeds for the purposes of the Authority. Any investment of funds by the Borrower or Borrower's Trustee is the responsibility of the Borrower. As such, all record retention and other responsibilities associated with Borrower proceeds is the sole responsibility of the Borrower.

If an Authority resolution provides for Bond proceeds to be administered by a trustee, the trustee shall provide regular, periodic (monthly) statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

The Authority will loan out all proceeds to underlying Borrowers at issue. As such, the requirement for arbitrage rebate and yield calculations will not be applicable.

The Authority will consult annually with bond counsel and tax counsel to confirm the applicability of arbitrage rebate and yield calculations. If at any time it is determined that these requirements are applicable, the Authority shall do the following:

- the Authority shall engage the services of a Rebate Service Provider, and the Authority or the Bond trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- upon request, the Executive Director and other appropriate Authority personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- the Executive Director and other appropriate Authority personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed; and

- during the construction period of each capital project financed in whole or in part by Bonds, the Executive Director and other appropriate Authority personnel shall monitor the investment and expenditure of Bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

For working capital financings, if any, the Authority shall follow procedures set forth in the applicable Tax Certificate and/or instructions delivered at bond or note closing.

The Authority shall retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements".

Use of Bond Proceeds

Except for the obligation of the Authority to maintain records regarding the Loans made for Bond proceeds, it is the Authority's policy that the Borrower shall be responsible for:

- monitoring the use of Loan proceeds and the use of Loan-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Loan-financed assets throughout the term of the Loan (and in some cases beyond the term of the Loan) to ensure compliance with covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates;
- maintaining records identifying the Loan and the assets or portion of assets that are financed or refinanced with proceeds of each Loan;
- consulting with Bond Counsel and other professional expert advisers in the review of the Loan and any contracts or arrangements involving use of Loan-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates;
- maintaining records regarding the Loan and for any contracts or arrangements involving the use of Loan-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates;
- meeting or conferring at least annually with personnel responsible for the Loans and Loan-financed assets to identify and discuss any existing or planned use of Loan-financed assets or output or throughput of Loan-financed assets, to ensure that the Loan and those uses are consistent with all covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates.
- taking timely remedial actions under section 1.141-12 of the Treasury Regulations (or other remedial actions authorized by the Commissioner of the IRS under Section 1.141-12(h) of

the Regulations) to prevent from being considered "deliberate actions" any actions of the Borrower which cause the conditions of the private business tests or the private loan financing test to be met resulting in the Loan becoming a private activity bond.

All relevant records and contracts shall be maintained as described below and in the applicable Tax Certificate. The Borrower, in the Tax Certificate relating to the Loan and/or other documents finalized at or before the issuance of the Bonds, shall designate an officer or employee responsible for the tasks listed above.

Investment of Bond Proceeds

Investment of bond proceeds maintained by the Authority shall remain in compliance with the arbitrage bond rules and rebate of arbitrage as supervised by the Executive Director.

- Guaranteed investment contracts ("GIC") will be purchased only using the three-bid "safe harbor" of applicable Treasury regulations, in compliance with fee limitations on GIC brokers in the regulations.
- Other investments will be purchased only in market transactions.
- Calculations of rebate liability will be performed annually by outside consultants.
- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.
- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

The investment of all proceeds received by the Borrower is the responsibility of the Borrower to supervise and maintain compliance with the arbitrage bond rules and rebate of arbitrage.

Record Keeping Requirements

Unless otherwise specified in applicable Authority resolutions or Tax Certificates, the Authority shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Authority at or in connection with closing of the issue of Bonds; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

Unless otherwise specified in applicable Authority resolutions or Tax Certificates, it is the Authority's policy that the Borrower shall be responsible for maintaining the following documents for the term of each Loan (including refunding obligations, if any) plus at least three years:

- a copy of all material documents relating to capital expenditures financed or refinanced by Loan proceeds, including (without limitation) loan documents for the Authority's pooled loans to municipalities and construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Loan proceeds and records identifying the assets or portion of assets that are financed or refinanced with Loan proceeds;
- a copy of all contracts and arrangements involving private use of Loan-financed assets or for the private use of output or throughput of Loan-financed assets; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

The Borrower, in the Tax Certificate relating to the Loan and/or other documents finalized at or before the issuance of the Bonds, shall designate an officer or employee responsible for retaining the records listed above.

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

**SHELLEY-FIRTH FIRE PROTECTION DISTRICT, BINGHAM COUNTY,
IDAHO**

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Refunding Revenue Bonds
Series 2021A

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LOAN AGREEMENT
Refunding

THIS LOAN AGREEMENT, dated as of June 1, 2021 (this “Loan Agreement”), by and between SHELLEY-FIRTH FIRE PROTECTION DISTRICT, BINGHAM COUNTY, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

W I T N E S S E T H:

WHEREAS, on December 17, 2014, the Municipality issued its General Obligation Bond, Series 2014, in the original principal amount of \$1,700,000, the principal amount of which \$1,366,623 remains outstanding and will be refunded (hereinafter referred to as the “Prior Bonds”);

WHEREAS, the Municipality intends to issue its Refunding General Obligation Bond, Series 2021 (the “Municipal Bond”) for the purpose of refunding the Prior Bonds, and thereby refinance the Project (defined herein) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue its Authority Refunding Revenue Bonds, Series 2021A (the “Bonds”), in part, to make the Loan (defined herein) to the Municipality pursuant to this Loan Agreement, the proceeds of which will be used by the Municipality to refund the Prior Bonds;

WHEREAS, pursuant to Ordinance No. 2021-01 of the Municipality adopted on May 13, 2021 (the “Bond Ordinance”), the Municipality authorized the issuance of its Municipal Bond and delegated authority to its Delegated Officer to approve the final terms and provisions of this Loan Agreement; and

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bonds;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE 1 – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the

Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bancorporation, National Association (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements, including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”), by and between the Authority and the Trustee, which from time to time may be supplemented or amended as provided therein, with the Master Trust Agreement and all Supplemental Trust Agreements, including the Thirty-First Supplemental Trust Agreement, referred to herein collectively as the “Trust Agreement.”

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the District President, District Secretary and District Treasurer or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Fund” means the Bond Fund created under the Bond Ordinance.

“Bond Ordinance” means the Ordinance No. 2021-01 of the Municipality authorizing the Municipal Bond, the substantial form of this Loan Agreement and delegating authority to the Delegated Officer of the Municipality to approve the final terms hereof.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as

applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Municipal Bond” or “Municipal Bonds” means the tax-exempt Shelley-Firth Fire Protection District, Bingham County, Idaho General Obligation Refunding Bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means Shelley-Firth Fire Protection District, Bingham County, Idaho, of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Prior Bonds” means the Municipality’s outstanding General Obligation Bonds, Series, 2014, held by the United States of America through the United States Department of Agriculture.

“Project” means the refinancing of the Prior Bonds which financed the construction of a new fire station and the renovation of an existing fire station described in Exhibit A hereto.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 3.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,”

“hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

(a) The Municipality is a duly organized fire protection district in the State of Idaho. Under the provisions of the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under the Loan Agreement in accordance with Title 31, Chapter 14 of the Idaho Code, as amended, and Title 57, Chapter 2 of the Idaho Code, as amended, and has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that financing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of those facilities described in Exhibit A hereto, and the Municipality shall make no changes to any portion of the Fire Station or to the operation thereof which would impair the exemption from gross income of the interest on the Bonds or the Municipal Bond for federal income tax purposes. In particular, the Municipality has reviewed the Tax Certificate, dated the Issue Date (the “Tax Certificate”), which is hereby incorporated by reference herein, nothing has come to the Municipality’s attention contrary to its understanding and the Municipality shall comply with all requirements of the Tax Certificate.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge

of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to the Municipality to repay the Prior Bonds in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bonds which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. Said Loan shall be disbursed as described in Schedule 1 hereto and once such funds are applied to redeem the Prior Bonds, the loan agreement for such bonds is discharged. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof. The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment

directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the Loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement is a general obligation of the Municipality and the full faith and credit and all taxes to be levied pursuant to the Bond Ordinance are hereby pledged to make the payments due and to become due hereunder, provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that funds in excess of required payments by the Municipality and any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the

Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer or cause to be transferred all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general

fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law to levy ad valorem taxes to pay the Repayment Installments and to provide other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

(iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of Full Faith and Credit and Tax Revenues. The full faith and credit of the Municipality and all taxable property in the Municipality and the taxes levied upon all taxable property in the Municipality to pay Repayment Installments on the Municipal Bond, Annual Expense Charges and other amounts due under this Loan Agreement are hereby pledged for the prompt payment of the Repayment Installments, Annual Expense Charges and other amounts due hereunder as the same become due and the tax levies to that end provided in Section 4.2 hereof shall be in full force and effect, and forever remain so until the Repayment Installments shall have been fully paid, satisfied and discharged, except as hereinbefore provided, and any collection fees or charges made

in connection with the Repayment Installments are to be paid by the Municipality. Notwithstanding this Section, the Municipality also consents to the sales tax and property tax intercept set forth in Section 3.6 herein and in Section 67-8727, Idaho Code, as amended.

Section 4.2 Levy of Taxes. In accordance with the provisions of applicable law, including the Bond Ordinance, there shall be levied on all taxable property in the Municipality, in addition to all other taxes, a direct annual ad valorem tax in an amount sufficient together with other legally available funds (including fees levied and collected by the Municipality for use of the Fire Station of the Municipality) to meet the payment of the Repayment Installments as the same mature, Annual Expense Charges and other amounts due under this Loan Agreement and to constitute a sinking fund for the payment thereof.

Said taxes in each of said years shall be levied, assessed, certified, extended, and collected by the proper officers and at the times, all as fixed by law, and as other taxes are levied, assessed, certified, extended, and collected in, for and by the Municipality and by the same officers thereof and are hereby appropriated for the purpose of paying the Repayment Installments and other amounts due hereunder until the Repayment Installments, Annual Expense Charges and other amounts due hereunder shall be fully paid.

Repayment Installments falling due at any time when the proceeds of said tax levy (the "Tax Receipts") may not be available shall be paid from other funds of the Municipality and shall be reimbursed from the Tax Receipts when said taxes shall have been collected. Said Tax Receipts in each of the several years shall be certified as being taxes necessary to be levied on all of the taxable property in the Municipality for the purpose of paying the Repayment Installments as the same become due. Said Tax Receipts when collected shall be placed in the Municipality's Bond Fund and shall be used for no other purpose than for the payment of the Repayment Installments as the same become due, and Annual Expense Charges, so long as any of the Repayment Installments remain outstanding and unpaid, but nothing herein contained shall be construed to prevent the Municipality from paying the Repayment Installments from any other funds in its hands and available for that purpose, or to prevent the Municipality from levying any further or additional taxes which may be necessary to fully pay the Repayment Installments and Annual Expense Charges.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Tax Exempt Status of Bonds.

- (a) It is the intention of the parties hereto that interest on the Bonds shall be and remain excluded from gross income for federal income tax purposes. To that end, the covenants and agreements of the Authority and the Municipality in this Section and in the Tax Certificate are for the benefit of the Trustee and each and every person who at any time will be a holder

of the Bonds and the Municipal Bond. Without limiting the generality of the foregoing, the Municipality and the Authority agree that there shall be paid by the Municipality from time to time all rebates with respect to the Municipal Bond under Section 148 of the Code and the “Municipality’s Share” of all amounts required to be rebated to the United States pursuant to the rebate requirement with respect to the Bonds (the “Rebate Requirement”) under Section 148 of the Code and the Tax Certificate. The “Municipality’s Share” means the amount of the Rebate Requirement relating to the Municipal Bond, determined as specified in the Tax Certificate, including (i) treating as the yield on the Municipal Bond the yield on the Bond allocated to the Municipal Bond and (ii) treating any amounts held by the Authority and allocable to the Municipal Bond as proceeds of the Municipal Bond. This covenant shall survive payment in full or defeasance of the Bonds and Municipal Bond. The Municipality specifically covenants to pay or cause to be paid for and on behalf of the Authority to the United States at the times and in the amounts determined under Section 7.03 of the Trust Agreement the Municipality’s share of the Rebate Requirement as described in the Tax Certificate and the Trust Agreement. The Authority shall not be liable to make any such payment except from funds provided by the Municipality for such purpose.

(b) The Authority covenants and agrees that it has not taken and will not take any action which results in interest to be paid on the Bonds being included in gross income of the holders of the Bonds for federal income tax purposes, and the Municipality covenants and agrees that it has not taken or permitted to be taken and will not take or permit to be taken any action which will cause the interest on the Bonds to become includable in gross income for federal income tax purposes. The Municipality acknowledges having read Section 7.03 of the Trust Agreement and agrees to perform all duties imposed on it by such Section, by this Section and by the Tax Certificate. Insofar as Section 7.03 of the Trust Agreement and the Tax Certificate impose duties and responsibilities on the Authority or the Municipality, they are specifically incorporated herein by reference.

(c) Notwithstanding any provision of this Section 5.3 or Section 7.03 of the Trust Agreement, if the Municipality shall provide to the Authority and the Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section 5.3 and Section 7.03 of the Trust Agreement is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds or Municipal Bond, the Municipality, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants set forth in this Section 5.3 shall be deemed to be modified to that extent.

(d) The Municipality agrees to comply with the Authority’s Post Issuance Tax Compliance Procedures, the current form of which is attached hereto as Exhibit F.

Section 5.4 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.5 Reporting. The Municipality hereby covenants and agrees to provide to the Authority

an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter (“Annual Surveillance Letter”) for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an Annual Surveillance Letter regarding the status of the Municipality’s financial condition and obligations under this Loan Agreement (the “Annual Surveillance Response”). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality’s fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Municipality in writing at any time and Municipality shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bond, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.5(b).

(d) Additional Information. Nothing in this Section 5.5 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.5 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.5. If the Municipality chooses

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.5, the Municipality shall have no obligation under this Section 5.5 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.5 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.5 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.5 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.6 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Repayment Installments and the Bond Fund, and upon request will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Bond Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.7 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.8 Authority Fees. The Municipality is paying to the Authority an Application Fee of

\$500.00 which is included in the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

- (a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or
- (b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies on Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued (with respect to the Trustee, subject to its rights and protections under the Trust Agreement):

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.
- (b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or

covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or

omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Options to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such

redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related

Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.8 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed

in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of the Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.2 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds or the Municipal Bond shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Post Issuance Tax Compliance Procedures of the Authority. The parties hereto both acknowledge the Post Issuance Tax Compliance Procedures of the Authority attached hereto as Exhibit F and agree that they will follow and comply with said procedures including without limitation Borrower's agreement to retention of various records relating to the Loan as set forth in the said Procedures for the term of the Loan plus three years.

Section 10.10 Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Indenture. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a

document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Board of Commissioners of Shelley-Firth Fire Protection District, County of Bingham, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

**SHELLEY-FIRTH FIRE PROTECTION
DISTRICT, BINGHAM COUNTY, IDAHO**

By _____
President, Board of Commissioners

[SEAL]

Attest:

Clerk of Board of Commissioners

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: SHELLEY-FIRTH FIRE PROTECTION DISTRICT, BINGHAM COUNTY

Prior Bonds Date:	December 17, 2014.
Prior Bonds Original Par Amount:	\$1,700,000
Municipal Bond Purchase Price:	Municipal Bond par amount of \$1,185,000.00 plus a premium of \$240,001.30 less Underwriter's Discount of \$7,394.26 for a total purchase price of \$1,417,607.04.
Repayment Amount:	\$1,185,000.00, plus interest.
Prepayment Provisions:	The Repayment Installments coming due on or prior to September 15, 2031, are not subject to prepayment. The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment.
Municipality address:	Shelley-Firth Fire Protection District P.O. Box 234, Shelley, ID 83274
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$1,392,046.04 repay the Prior Bonds. 2. \$21,429.69 to the Series 2021A Cost of Issuance Account held by the Trustee under the Trust Agreement. 3. \$1,243.41 representing the Authority Fee shall be paid to the Authority from the Series 2021A Cost of Issuance Account. 4. \$831.47 of contingency in the Series 2021A Costs of Issuance Account plus \$2,887.90 from rounding is being held by the Trustee for the benefit of the Municipality to be used for additional costs of issuance and if not applied to the payment of costs of issuance then to be applied to payment of debt service on the Municipality's Loan.
Reserve Fund:	Not Applicable.

EXHIBIT A

Description of the Project

The Project consists of the issuance of a Municipal Bond in the principal amount of \$1,185,000.00, for the purpose of refunding the Municipality's General Obligation Bond, Series 2014 which financed the construction of a new fire station in Shelley, Idaho and the renovation to the Municipality's existing fire station located in Firth, Idaho.

EXHIBIT B

REPAYMENT INSTALLMENTS AND REPAYMENT DATES

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021	\$80,000	4.000%	\$10,006.67	\$90,006.67
03/15/2022			22,100.00	22,100.00
09/15/2022	35,000	4.000%	22,100.00	57,100.00
03/15/2023			21,400.00	21,400.00
09/15/2023	35,000	4.000%	21,400.00	56,400.00
03/15/2024			20,700.00	20,700.00
09/15/2024	40,000	4.000%	20,700.00	60,700.00
03/15/2025			19,900.00	19,900.00
09/15/2025	40,000	4.000%	19,900.00	59,900.00
03/15/2026			19,100.00	19,100.00
09/15/2026	40,000	4.000%	19,100.00	59,100.00
03/15/2027			18,300.00	18,300.00
09/15/2027	40,000	4.000%	18,300.00	58,300.00
03/15/2028			17,500.00	17,500.00
09/15/2028	45,000	4.000%	17,500.00	62,500.00
03/15/2029			16,600.00	16,600.00
09/15/2029	45,000	4.000%	16,600.00	61,600.00
03/15/2030			15,700.00	15,700.00
09/15/2030	45,000	4.000%	15,700.00	60,700.00
03/15/2031			14,800.00	14,800.00
09/15/2031	50,000	4.000%	14,800.00	64,800.00
03/15/2032			13,800.00	13,800.00
09/15/2032	50,000	4.000%	13,800.00	63,800.00
03/15/2033			12,800.00	12,800.00
09/15/2033	55,000	4.000%	12,800.00	67,800.00
03/15/2034			11,700.00	11,700.00
09/15/2034	55,000	4.000%	11,700.00	66,700.00
03/15/2035			10,600.00	10,600.00
09/15/2035	60,000	4.000%	10,600.00	70,600.00
03/15/2036			9,400.00	9,400.00
09/15/2036	60,000	4.000%	9,400.00	69,400.00
03/15/2037			8,200.00	8,200.00
09/15/2037	60,000	4.000%	8,200.00	68,200.00
03/15/2038			7,000.00	7,000.00
09/15/2038	65,000	4.000%	7,000.00	72,000.00
03/15/2039			5,700.00	5,700.00
09/15/2039	65,000	4.000%	5,700.00	70,700.00
03/15/2040			4,400.00	4,400.00
09/15/2040	70,000	4.000%	4,400.00	74,400.00
03/15/2041			3,000.00	3,000.00
09/15/2041	75,000	4.000%	3,000.00	78,000.00
03/15/2042			1,500.00	1,500.00
09/15/2042	75,000	4.000%	1,500.00	76,500.00

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Bond Ordinance No. 2021-01 adopted on May 13, 2021, authorizing the Municipal Bond and delegating approval of final terms of, and execution of the Loan Agreement.
- b. Certificate as to Bond Pricing and Related Matters.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. General Certificate.
- i. No Litigation and Signature Identification Certificate.
- j. Purchaser's Receipt for Bond.
- k. Receipt of Proceeds of Bond.Certificate and Request.
- m. Certificate of Investigation.
- n. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

EXHIBIT E

Post Issuance Tax Compliance Procedures

Idaho Bond Bank Authority
Post-Issuance Tax Compliance Procedures
For Tax-Exempt Bonds

February 13, 2012

The purpose of these Post-Issuance Tax Compliance Procedures is to establish policies and procedures in connection with tax-exempt bonds ("Bonds") issued by the Idaho Bond Bank Authority (the "Authority") so as to ensure that the Authority complies with all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds. The Authority reserves the right to use its discretion as necessary and appropriate to make exceptions or request additional provisions as circumstances warrant. The Authority also reserves the right to change these policies and procedures from time to time.

General

Inasmuch as the Authority is a responsible conduit issuer authorizing the issuance of Bonds for eligible borrowers (each, a "Borrower"), the Authority now identifies post-issuance tax compliance procedures for all Bonds issued by the Authority for Borrowers, as well as the Authority's expectations of and requirements for all Borrowers concerning these procedures. For tax-exempt bonds issued by the Authority, each loan ("Loan") to each Borrower will be a tax-exempt obligation, as evidenced by an unqualified opinion of bond counsel to each Borrower. Ultimate responsibility for all matters relating to Authority financings and refinancings rests with the Authority Executive Director (the "Executive Director"). Ultimate responsibility for all matters relating to Loans rests with the corresponding officer at each Borrower.

Post-Issuance Compliance Requirements

External Advisors / Documentation

The Executive Director and other appropriate Authority personnel and the corresponding personnel of each Borrower shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for the appropriate tax status. Those requirements and procedures shall be documented in an Authority and Borrower resolutions, Tax Certificates and / or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds or the Loan, as appropriate.

The Executive Director and other appropriate Authority personnel and the corresponding personnel of each Borrower also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with future contracts with respect to the use of Bond-financed assets and future contracts with respect to the use of output or throughput of Bond-financed assets.

Whenever necessary or appropriate, the Authority shall engage expert advisors (each a "Rebate Service Provider") to assist in the calculation of arbitrage rebate payable in respect of the investment of Bond proceeds.

Role of the Authority as Bond Issuer

Unless otherwise provided by Authority resolutions, unexpended Bond proceeds shall be held by the Authority, and the investment of Bond proceeds shall be managed by the Executive Director. The Executive Director shall maintain records regarding the investments and transactions involving Bond proceeds held by the Authority or the Trustee for the bonds. Funds transferred to the Borrower shall constitute expending Bond proceeds for the purposes of the Authority. Any investment of funds by the Borrower or Borrower's Trustee is the responsibility of the Borrower. As such, all record retention and other responsibilities associated with Borrower proceeds is the sole responsibility of the Borrower.

If an Authority resolution provides for Bond proceeds to be administered by a trustee, the trustee shall provide regular, periodic (monthly) statements regarding the investments and transactions involving Bond proceeds.

Arbitrage Rebate and Yield

The Authority will loan out all proceeds to underlying Borrowers at issue. As such, the requirement for arbitrage rebate and yield calculations will not be applicable.

The Authority will consult annually with bond counsel and tax counsel to confirm the applicability of arbitrage rebate and yield calculations. If at any time it is determined that these requirements are applicable, the Authority shall do the following:

- the Authority shall engage the services of a Rebate Service Provider, and the Authority or the Bond trustee shall deliver periodic statements concerning the investment of Bond proceeds to the Rebate Service Provider on a prompt basis;
- upon request, the Executive Director and other appropriate Authority personnel shall provide to the Rebate Service Provider additional documents and information reasonably requested by the Rebate Service Provider;
- the Executive Director and other appropriate Authority personnel shall monitor efforts of the Rebate Service Provider and assure payment of required rebate amounts, if any, no later than 60 days after each 5-year anniversary of the issue date of the Bonds, and no later than 60 days after the last Bond of each issue is redeemed; and
- during the construction period of each capital project financed in whole or in part by Bonds, the Executive Director and other appropriate Authority personnel shall monitor the investment and expenditure of Bond proceeds and shall consult with the Rebate Service Provider to determine compliance with any applicable exceptions from the arbitrage rebate requirements

during each 6-month spending period up to 6 months, 18 months or 24 months, as applicable, following the issue date of the Bonds.

For working capital financings, if any, the Authority shall follow procedures set forth in the applicable Tax Certificate and/or instructions delivered at bond or note closing.

The Authority shall retain copies of all arbitrage reports and trustee statements as described below under "Record Keeping Requirements".

Use of Bond Proceeds

Except for the obligation of the Authority to maintain records regarding the Loans made for Bond proceeds, it is the Authority's policy that the Borrower shall be responsible for:

- monitoring the use of Loan proceeds and the use of Loan-financed assets (e.g., facilities, furnishings or equipment) and the use of output or throughput of Loan-financed assets throughout the term of the Loan (and in some cases beyond the term of the Loan) to ensure compliance with covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates;
- maintaining records identifying the Loan and the assets or portion of assets that are financed or refinanced with proceeds of each Loan;
- consulting with Bond Counsel and other professional expert advisers in the review of the Loan and any contracts or arrangements involving use of Loan-financed facilities to ensure compliance with all covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates;
- maintaining records regarding the Loan and for any contracts or arrangements involving the use of Loan-financed facilities as might be necessary or appropriate to document compliance with all covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates;
- meeting or conferring at least annually with personnel responsible for the Loans and Loan-financed assets to identify and discuss any existing or planned use of Loan-financed assets or output or throughput of Loan-financed assets, to ensure that the Loan and those uses are consistent with all covenants and restrictions set forth in applicable Authority and Borrower resolutions and Tax Certificates.
- taking timely remedial actions under section 1.141-12 of the Treasury Regulations (or other remedial actions authorized by the Commissioner of the IRS under Section 1.141-12(h) of the Regulations) to prevent from being considered "deliberate actions" any actions of the Borrower which cause the conditions of the private business tests or the private loan financing test to be met resulting in the Loan becoming a private activity bond.

All relevant records and contracts shall be maintained as described below and in the applicable Tax Certificate. The Borrower, in the Tax Certificate relating to the Loan and/or other documents finalized at or before the issuance of the Bonds, shall designate an officer or employee responsible for the tasks listed above.

Investment of Bond Proceeds

Investment of bond proceeds maintained by the Authority shall remain in compliance with the arbitrage bond rules and rebate of arbitrage as supervised by the Executive Director.

- Guaranteed investment contracts ("GIC") will be purchased only using the three-bid "safe harbor" of applicable Treasury regulations, in compliance with fee limitations on GIC brokers in the regulations.
- Other investments will be purchased only in market transactions.
- Calculations of rebate liability will be performed annually by outside consultants.
- Rebate payments will be made with Form 8038-T no later than 60 days after (a) each fifth anniversary of the date of issuance and (b) the final retirement of the issue. Compliance with rebate requirements will be reported to the bond trustee and the issuer.
- Identify date for first rebate payment at time of issuance. Enter in records for the issue.

The investment of all proceeds received by the Borrower is the responsibility of the Borrower to supervise and maintain compliance with the arbitrage bond rules and rebate of arbitrage.

Record Keeping Requirements

Unless otherwise specified in applicable Authority resolutions or Tax Certificates, the Authority shall maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- a copy of the Bond closing transcript(s) and other relevant documentation delivered to the Authority at or in connection with closing of the issue of Bonds; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

Unless otherwise specified in applicable Authority resolutions or Tax Certificates, it is the Authority's policy that the Borrower shall be responsible for maintaining the following documents for the term of each Loan (including refunding obligations, if any) plus at least three years:

- a copy of all material documents relating to capital expenditures financed or refinanced by Loan proceeds, including (without limitation) loan documents for the Authority's pooled loans to municipalities and construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Loan proceeds and records identifying the assets or portion of assets that are financed or refinanced with Loan proceeds;
- a copy of all contracts and arrangements involving private use of Loan-financed assets or for the private use of output or throughput of Loan-financed assets; and
- copies of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements.

The Borrower, in the Tax Certificate relating to the Loan and/or other documents finalized at or before the issuance of the Bonds, shall designate an officer or employee responsible for retaining the records listed above.

Appendix E-3

Series 2021B Participant Loan Agreements (City of Burley, Idaho; City of Jerome, Idaho; Lost Rivers Hospital District, Idaho; City of Rupert, Idaho; and City of St. Anthony, Idaho)

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF BURLEY, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B (Federally Taxable)

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF BURLEY, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on December 20, 2012, the Municipality issued its Water Revenue Bond, Series 2012 (the “Prior Bonds”) to finance improvements to its water system, and the Municipality intends to issue its Water Revenue Refunding Bond, Series 2021 (the “Municipal Bond”) for the purpose of currently refunding the Prior Bonds, and thereby refinance certain water facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Revenue Bonds, Series 2021B (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 1379 adopted on May 19, 2021 (the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Bonds and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Bonds;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority

and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”) by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the “Trust Agreement.”

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the Mayor or Municipality Clerk, Finance Officer, or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Ordinance” means the Bond Ordinance as defined in the WHEREAS Clauses above.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Consulting Engineer” means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of Burley, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity

Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Bonds” means the Municipality’s Water Revenue Refunding Bond, Series 2012, issued on December 20, 2012, in the original principal amount of \$1,870,000.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being financed or refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“System” means all of the Municipality’s water system, and its water facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring

revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

“Water Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

- (a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.
- (b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.
- (c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that refinancing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.
- (d) The Project consists and will consist of the refinancing of the facilities described in Exhibit A hereto and the redemption of the Prior Bonds.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

- (a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.
- (b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.
- (c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to refinance the Project in accordance with this Loan Agreement.
- (d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bonds which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

- (a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment

Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the Loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and

agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended,

and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

- (iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the “Water Revenue Fund,” which is the Revenue Fund held by the Municipality, and herein designated as the “Income Fund,” which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the “Income Fund” and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

- (a) **Repayment Installments.** Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference,

any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Surplus. Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of the Municipality payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such additional obligations, none of the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit If the Municipality fails to comply with the requirements as to System rates and charges set forth in Section 5.11 hereof or fails to maintain System Net Revenues, plus any credit from the Rate Stabilization Account in accordance with Section 4.5 and 4.6 hereof, equal to at least 150% of Annual Debt Service in any Fiscal Year and is unable to bring

itself into compliance within 60 days after discovery by the Municipality of such failure, it shall immediately notify the Authority and the Trustee and shall establish from funds of the Municipality a Reserve Fund held by the Municipality funded in the amount of 2.5% of the outstanding principal balance of the Loan during the first succeeding Fiscal Year, 5.0% of the outstanding principal balance of the Loan in the second succeeding Fiscal Year, 7.5% of the outstanding principal balance of the Loan in the third succeeding Fiscal Year and 10% of outstanding principal balance of the Loan in the fourth succeeding Fiscal Year and 10% of the outstanding principal balance of the Loan for each succeeding Fiscal Year thereafter, provided that at no time shall the amount in the Reserve Fund exceed the lesser of 10% of the outstanding principal balance of the Loan, the Maximum Annual Debt Service on the Loan or 125% of the average annual debt service on the Loan (the "Reserve Requirement"). The required percentage amounts shall be fully funded by the Municipality no later than the end of the applicable Fiscal Year. Such Reserve Fund shall be drawn upon if needed to make the Repayment Installments hereunder and may, upon the election of the Municipality with 30 days prior written notice to the Authority, also secure any subsequent Parity Debt if so elected by the Municipality provided that the Reserve Requirement shall cover all Parity Debt and not just the Loan. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by Municipality on the Loan results in a balance in such fund lower than the Reserve Requirement, the Municipality shall replenish said account to the Reserve Requirement from System Net Revenues as soon as possible but not later than one (1) year from the date of such drawing.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Water Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

(a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Water Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section

5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Taxable Status of Bonds. It is the intention of the parties hereto that interest on the Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter ("Annual Surveillance Letter") for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the status of the Municipality's financial condition and obligations under this Loan Agreement (the "Annual Surveillance Response"). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality's fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late

fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person,

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) Additional Information. Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the Municipality shall have no obligation under this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities

or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Repayment Installments, and a Certificate of the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making

reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

- (i) All current Operation and Maintenance Costs.
- (ii) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.
- (iii) All payments required for compliance with the terms hereof.
- (iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each

bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the Income Fund, and upon request, **which** the Trustee has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

- (a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or
- (b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections,

riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.
- (b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs

of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so

paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

- (a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other

than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as

set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

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IN WITNESS WHEREOF, the City of Burley, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF BURLEY, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF BURLEY

Prior Bonds Date:	December 20, 2012
Prior Bonds Original Par Amount:	Water Revenue Refunding Bond, Series 2012 \$1,870,000.
Municipal Bond Purchase Price:	Par amount of \$830,000.00 plus a premium of \$157,090.55 less Underwriter Discount of \$2,366.07, for a net purchase price of \$984,724.48.
Repayment Amount:	\$830,000.00 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	1401 Overland Avenue, Burley, Idaho 83318
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$980,572.05 (which includes \$10,637.19 of contributions from the existing Debt Service Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bonds and related prior Authority Bonds. 2. \$14,247.11 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$577.93 of contingency. 3. \$542.51 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account.
Reserve Fund:	The Municipality qualifies for a debt service reserve fund waiver as a result of debt service coverage in excess of 1.5x or 150% unless subsequently required by Section 4.4 after closing.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Water Revenue Refunding Bond, Series 2021, in the principal amount of \$830,000.00, for the purpose of refunding the Municipality's outstanding Prior Bonds which refinanced all or a portion of the costs of design and construction of various improvements for the water system of the City of Burley, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			\$8,761.11	\$8,761.11
03/15/2022			20,750.00	20,750.00
09/15/2022			20,750.00	20,750.00
03/15/2023			20,750.00	20,750.00
09/15/2023	\$110,000	5.000%	20,750.00	130,750.00
03/15/2024			18,000.00	18,000.00
09/15/2024	120,000	5.000%	18,000.00	138,000.00
03/15/2025			15,000.00	15,000.00
09/15/2025	125,000	5.000%	15,000.00	140,000.00
03/15/2026			11,875.00	11,875.00
09/15/2026	130,000	5.000%	11,875.00	141,875.00
03/15/2027			8,625.00	8,625.00
09/15/2027	135,000	5.000%	8,625.00	143,625.00
03/15/2028			5,250.00	5,250.00
09/15/2028	145,000	5.000%	5,250.00	150,250.00
03/15/2029			1,625.00	1,625.00
09/15/2029	65,000	5.000%	1,625.00	66,625.00

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 1379 adopted May 19, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. General Certificate.
- i. No Litigation and Signature Identification Certificate.
- j. Purchaser's Receipt for Bond.
- k. Receipt for Proceeds of Bond and Certificate and Request.
- l. Certificate of Investigation.
- m. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

the 1990s, the number of people with a disability in the United States has increased by 25% (U.S. Census Bureau 2000).

As a result of the increase in the number of people with disabilities, the need for accessible information has become more acute. The National Center for Accessible Information (NCAI) has estimated that 10% of the population has a disability that may affect their ability to access information (NCAI 2000). The NCAI also estimates that 20% of the population has a disability that may affect their ability to use information technology (NCAI 2000).

The purpose of this study was to investigate the barriers to accessible information for people with disabilities.

The study was conducted in two phases. The first phase was a literature review.

The second phase was a survey of people with disabilities. The survey was conducted in two parts. The first part was a questionnaire that asked about the barriers to accessible information. The second part was a focus group discussion.

The results of the survey are presented in this paper. The results show that the most common barriers to accessible information are:

1. Lack of information about accessible information resources.

2. Lack of accessible information resources.

3. Lack of accessible information technology.

4. Lack of accessible information services.

5. Lack of accessible information formats.

6. Lack of accessible information channels.

7. Lack of accessible information content.

8. Lack of accessible information staff.

9. Lack of accessible information policies.

10. Lack of accessible information standards.

11. Lack of accessible information training.

12. Lack of accessible information funding.

13. Lack of accessible information awareness.

14. Lack of accessible information infrastructure.

15. Lack of accessible information legislation.

16. Lack of accessible information enforcement.

17. Lack of accessible information monitoring.

18. Lack of accessible information evaluation.

19. Lack of accessible information research.

20. Lack of accessible information development.

21. Lack of accessible information implementation.

22. Lack of accessible information maintenance.

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF BURLEY, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B (Federally Taxable)

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF BURLEY, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on December 20, 2012, the Municipality issued its Sewer Revenue Refunding Bond, Series 2012 (the “Prior Bond”) to refinance improvements to its sewer system, and on December 20, 2012, the Municipality issued its Sewer Revenue Promissory Note, Series 2012 (the “Prior Note”), to fund improvements to its sewer system, and the Municipality intends to issue its Sewer Revenue Refunding Bond, Series 2021 (the “Municipal Bond”) for the purpose of advance refunding a portion of the Prior Bond and Prior Note, and thereby refinance certain Sewer facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Revenue Bonds, Series 2021B (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 1378 adopted on May 19, 2021 and the amendment to the ordinance adopted on June, 1, 2021 (collectively the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Bond and Prior Note and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Bond and Prior Note;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms

used in this Loan Agreement not otherwise defined herein shall have the meanings specified in Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the "Trustee"), as amended relating to the Bonds (the "Master Trust Agreement"), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the "Thirty-First Supplemental Trust Agreement") by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the "Trust Agreement."

"Annual Debt Service" means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

"Annual Expense Charges" means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

"Authority Fee" means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

"Authorized Municipality Representative" means the Mayor or Municipality Clerk, Finance Officer, or any such officer's designee, or any other officer of the Municipality duly authorized by the Municipality.

"Bond Ordinance" means the Bond Ordinance as defined in the WHEREAS Clauses above.

"Certificate of the Municipality" means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

"Consulting Engineer" means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that "financial obligation" shall not include

municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of Burley, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract,

the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Bond” means the Municipality’s Sewer Revenue Refunding Bond, Series 2012, issued on December 20, 2012, in the original principal amount of \$12,255,000.

“Prior Note” means the Municipality’s Sewer Revenue Promissory Note, Series 2012, issued on December 20, 2012, in the original principal amount of \$4,125,000.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being financed or refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“System” means all of the Municipality’s sewer system, and its sewer facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

“Sewer Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

- (a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.
- (b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.
- (c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that refinancing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.
- (d) The Project consists and will consist of the refinancing of the facilities described in

Exhibit A hereto and the redemption of the Prior Bond and refunding of the Prior Note.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to refinance the Project in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bond and Prior Note which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the Loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and

indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended,

and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

- (iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the “Sewer Revenue Fund,” which is the Revenue Fund held by the Municipality, and herein designated as the “Income Fund,” which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the “Income Fund” and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

- (a) **Repayment Installments.** Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Surplus. Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of the Municipality payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such additional obligations, none of the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit There shall be established a Reserve Fund held by the Municipality funded from a bond insurer reserve policy in an amount equal to the lesser of 10% of the outstanding principal balance of the Loan, the Maximum Annual Debt Service on the Loan or 125% of the average annual debt service on the Loan (the "Reserve Requirement"). The Reserve Requirement shall be maintained as a debt service reserve fund for the Loan as evidenced by the Municipal Bond. Such Reserve Fund shall secure only the Municipal Bond and shall be drawn upon if needed to make the Repayment Installments hereunder. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such

drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by the Municipality on the Loan results in a balance in such fund lower than the Reserve Requirement, the Municipality shall replenish said account to the Reserve Requirement from System Net Revenues as soon as possible, but not later than one (1) year from the date of the said drawing.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Sewer Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

(a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Sewer Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section 5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate

will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Taxable Status of Bonds. It is the intention of the parties hereto that interest on the Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter (“Annual Surveillance Letter”) for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the status of the Municipality’s financial condition and obligations under this Loan Agreement (the “Annual Surveillance Response”). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality’s fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) **Additional Information.** Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the Municipality shall have no obligation under this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) **Notices.** Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) **Beneficiaries.** This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from

such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Repayment Installments, and a Certificate of the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs.

(ii) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.

(iii) All payments required for compliance with the terms hereof.

(iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the Income Fund, and upon request, **which** the Trustee has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited

financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

- (a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or
- (b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.
- (b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee

and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2

hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee.

The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when

printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of Burley, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF BURLEY, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF BURLEY

Prior Bond Date:	December 20, 2012
Prior Note Date:	December 20, 2012
Prior Bond Original Par Amount:	Sewer Revenue Refunding Bond, Series 2012 \$12,255,000.
Prior Note Original Par Amount:	Sewer Revenue Promissory Note, Series 2012 \$4,125,000
Municipal Bond Purchase Price:	Par amount of \$8,195,000.00 plus a premium of \$1,729,957.85 less Underwriter Discount of \$23,953.21, for a net purchase price of \$9,901,004.64.
Repayment Amount:	\$8,195,000.00 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	1401 Overland Avenue, Burley, Idaho 83318
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$9,879,164.90 (which includes \$119,722.38 of contributions from the existing Debt Service Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bond and Prior Note and related prior Authority Bonds. 2. \$36,877.50 to pay for the Debt Service Reserve Fund surety. 3. \$94,434.87 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$5,706.21 of contingency. 4. \$10,249.75 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account.
Reserve Fund:	Funded by issuance of a bond insurer policy for a total of \$819,500 as provided in Section 4.4 of this Loan Agreement.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Sewer Revenue Refunding Bond, Series 2021, in the principal amount of \$8,195,000.00, for the purpose of refunding a portion of the Municipality's outstanding Prior Bond and Prior Note which originally financed and/or refinanced all or a portion of the costs of design and construction of various improvements for the sewer system of the City of Burley, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			86,502.78	86,502.78
03/15/2022			204,875.00	204,875.00
09/15/2022			204,875.00	204,875.00
03/15/2023			204,875.00	204,875.00
09/15/2023	835,000	5.000%	204,875.00	1,039,875.00
03/15/2024			184,000.00	184,000.00
09/15/2024	880,000	5.000%	184,000.00	1,064,000.00
03/15/2025			162,000.00	162,000.00
09/15/2025	920,000	5.000%	162,000.00	1,082,000.00
03/15/2026			139,000.00	139,000.00
09/15/2026	970,000	5.000%	139,000.00	1,109,000.00
03/15/2027			114,750.00	114,750.00
09/15/2027	1,020,000	5.000%	114,750.00	1,134,750.00
03/15/2028			89,250.00	89,250.00
09/15/2028	855,000	5.000%	89,250.00	944,250.00
03/15/2029			67,875.00	67,875.00
09/15/2029	895,000	5.000%	67,875.00	962,875.00
03/15/2030			45,500.00	45,500.00
09/15/2030	940,000	5.000%	45,500.00	985,500.00
03/15/2031			22,000.00	22,000.00
09/15/2031	880,000	5.000%	22,000.00	902,000.00

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 1378 adopted May 19, 2021 and the amendment to the ordinance adopted on June 1, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. Defeasance Opinion.
- i. General Certificate.
- j. No Litigation and Signature Identification Certificate.
- k. Purchaser's Receipt for Bond.
- l. Receipt for Proceeds of Bond and Certificate and Request.
- m. Certificate of Investigation.
- n. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

the 1990s, the number of people with a diagnosis of schizophrenia has increased in many countries (1).

There is a growing awareness of the need to improve the quality of life of people with schizophrenia. The World Health Organization (WHO) has developed the concept of 'recovery' as a goal for people with schizophrenia (2). Recovery is defined as a process of change through which people with a mental illness realize their hopes and dreams, and live meaningful lives (3).

Recovery is a process, not a destination. It is a journey that involves the development of a sense of purpose, the building of a support network, and the achievement of personal goals. Recovery is a process that is unique to each individual and is influenced by a variety of factors, including social support, access to services, and personal resources (4).

One of the key factors in the recovery process is the development of a sense of purpose. People with schizophrenia often experience a loss of purpose and meaning in their lives. This can be due to the symptoms of the illness, the stigma associated with the diagnosis, or the loss of social roles and relationships (5).

One way to develop a sense of purpose is through the pursuit of meaningful activities. This can include work, education, or volunteerism. Engaging in these activities can help people with schizophrenia to develop a sense of accomplishment and purpose, and to build a support network (6).

Another key factor in the recovery process is the development of a support network. People with schizophrenia often experience social isolation and a lack of support. This can be due to the symptoms of the illness, the stigma associated with the diagnosis, or the loss of social roles and relationships (7).

One way to develop a support network is through the participation in support groups. Support groups provide a safe and supportive environment where people with schizophrenia can share their experiences and receive support from others who understand their struggles (8).

Another way to develop a support network is through the involvement in community activities. Community activities provide a chance for people with schizophrenia to interact with others and build relationships. This can include participating in recreational activities, attending classes, or volunteering (9).

Finally, another key factor in the recovery process is the development of personal resources. People with schizophrenia often experience a loss of personal resources, such as self-esteem, confidence, and skills. This can be due to the symptoms of the illness, the stigma associated with the diagnosis, or the loss of social roles and relationships (10).

One way to develop personal resources is through the participation in therapy. Therapy can help people with schizophrenia to develop coping skills, manage their symptoms, and build self-esteem and confidence. This can include individual therapy, group therapy, or family therapy (11).

Another way to develop personal resources is through the pursuit of education and training. Education and training can help people with schizophrenia to develop skills and knowledge that can be used in the workplace or in other settings (12).

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF JEROME, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B (Federally Taxable)

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF JEROME, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on November 18, 2014, the Municipality issued its Sewer Revenue Refunding Bond, Series 2014 and on February 26, 2014, the Municipality issued its Sewer Revenue Bond, Series 2014 (collectively, the “Prior Bonds”) to refinance improvements to its sewer system, and the Municipality intends to issue its Sewer Revenue Refunding Bond, Series 2021 (the “Municipal Bond”) for the purpose of currently refunding the Prior Bonds, and thereby refinance certain Sewer facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Revenue Bonds, Series 2021B (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 1200 adopted on June 1, 2021 (the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Bonds and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Bonds;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms

used in this Loan Agreement not otherwise defined herein shall have the meanings specified in Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the "Trustee"), as amended relating to the Bonds (the "Master Trust Agreement"), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the "Thirty-First Supplemental Trust Agreement") by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the "Trust Agreement."

"Annual Debt Service" means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

"Annual Expense Charges" means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

"Authority Fee" means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

"Authorized Municipality Representative" means the Mayor or Municipality Clerk, Finance Officer, or any such officer's designee, or any other officer of the Municipality duly authorized by the Municipality.

"Bond Ordinance" means the Bond Ordinance as defined in the WHEREAS Clauses above.

"Certificate of the Municipality" means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

"Consulting Engineer" means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of Jerome, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration

of the System, insurance premiums, audits, charges of depository banks and paying agents, professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Bonds” means the Municipality’s Sewer Revenue Refunding Bond, Series 2014, issued on November 18, 2014, in the original principal amount of \$5,130,000 and the Municipality’s Sewer Revenue Bond, Series 2014, issued on February 26, 2014, in the original principal amount of \$13,600,000.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being financed or refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“Series 2014A Loan Agreement means the Loan Agreement between the Authority and the Municipality dated February 1, 2014.

“Sewer Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

“System” means all of the Municipality’s sewer system, and its sewer facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

(a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that financing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of the facilities described in Exhibit A hereto and the redemption of the Prior Bonds.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to refinance the Project in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bonds which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. Said Loan shall be disbursed as described in Schedule 1 hereto and once such funds are applied to redeem the Prior Bonds, the loan agreements for such bonds are discharged. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

(iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the “Sewer Revenue Fund,” which is the Revenue Fund held by the Municipality, and herein designated as the “Income Fund,” which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the “Income Fund” and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as

such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) **Repayment Installments.** Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) **Surplus.** Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such

improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of the Municipality payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such additional obligations, none of the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit If the Municipality fails to comply with the requirements as to System rates and charges set forth in Section 5.11 hereof, or Section 5.11 of the Series 2014A Loan Agreement in regard to the nonrefunded portion of the Prior Bonds, or fails to maintain System Net Revenues, plus any credit from the Rate Stabilization Account in accordance with Section 4.5 and 4.6 hereof, or Section 4.5 and 4.6 of the Series 2014A Loan Agreement in regard to the nonrefunded portion of the Prior Bonds, equal to at least 150% of Annual Debt Service in any Fiscal Year and is unable to bring itself into compliance within 60 days after discovery by the Municipality of such failure, it shall immediately notify the Authority and the Trustee and shall establish from funds of the Municipality a combined Reserve Fund held by the Municipality funded in the amount of 2.5% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds during the first succeeding Fiscal Year, 5.0% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds in the second succeeding Fiscal Year, 7.5% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds in the third succeeding Fiscal Year and 10% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds in the fourth succeeding Fiscal Year and 10% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds for each succeeding Fiscal Year thereafter, provided that at no time shall the amount in the Reserve Fund exceed the lesser of 10% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds, the Maximum Annual Debt Service on the Loan and nonrefunded portion of the Prior Bonds or 125% of the average annual debt service on the Loan and nonrefunded portion of the Prior Bonds (the "Reserve Requirement"). The required percentage amounts shall be fully funded by the Municipality no later than the end of the applicable Fiscal Year. Such Reserve Fund shall be drawn upon if needed to make the Repayment Installments under the Series 2014A Loan Agreement and hereunder and may, upon the election of the Municipality with 30 days prior written notice to the Authority, also secure any subsequent Parity Debt if so elected by the Municipality provided that the Reserve Requirement shall cover all Parity Debt and not just the Loan and nonrefunded portion of the Prior Bonds. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by Municipality under the Series 2014A Loan Agreement or hereunder results in a Reserve Fund balance lower than the Reserve Requirement, the Municipality shall replenish the Reserve Fund to the Reserve Requirement from System Net Revenues as soon as possible but not later than one (1) year from the date of such drawing. The Reserve Requirement for the Prior Bonds maturing on or prior to September 15, 2024 is waived and any funds remaining in the Reserve Fund shall be used to

fund the Series 2021B Escrow Fund.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Sewer Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

(a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Sewer Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section 5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the

Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Taxable Status of Bonds. It is the intention of the parties hereto that interest on the

Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter (“Annual Surveillance Letter”) for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the status of the Municipality’s financial condition and obligations under this Loan Agreement (the “Annual Surveillance Response”). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality’s fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) Additional Information. Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the Municipality shall have no obligation under this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions

or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Repayment Installments, and a Certificate of the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs.

(ii) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.

(iii) All payments required for compliance with the terms hereof.

(iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will

retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of

all transactions relating to the System and the Income Fund, and upon request, which the Trustee has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee

of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

- (a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or
- (b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.

(b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all

principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and

redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and

neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of Jerome, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF JEROME, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF JEROME

Prior Bonds Date:	February 26, 2014 and November 18, 2014
Prior Bonds Original Par Amount:	Sewer Revenue Bond, Series 2014 \$13,600,000 and Sewer Revenue Refunding Bond, Series 2014 \$5,130,000.
Municipal Bond Purchase Price:	Par amount of \$12,530,000 plus a premium of \$1,684,364.60 less Underwriter Discount of \$40,881.25, for a net purchase price of \$14,173,483.35.
Repayment Amount:	\$12,530,000 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	125 E. Avenue A, Jerome, Idaho 83338
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$15,509,899.41 (which includes \$173,556.37 of contributions from the existing Debt Service Fund and \$1,312,940.00 of contributions from the existing Debt Service Reserve Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bonds and related prior Authority Bonds. 2. \$133,983.61 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$8,724.69 of contingency. 3. \$16,096.70 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account.
Reserve Fund:	The Municipality qualifies for a debt service reserve fund waiver as a result of debt service coverage in excess of 1.5x or 150% unless subsequently required by Section 4.4 after closing.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Sewer Revenue Refunding Bond, Series 2021, in the principal amount of \$12,530,000, for the purpose of refunding the Municipality's outstanding Prior Bonds which originally financed and/or refinanced all or a portion of the costs of design and construction of various improvements for the sewer system of the City of Jerome, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			\$100,402.12	\$100,402.12
03/15/2022			237,794.50	237,794.50
09/15/2022	\$85,000	5.000%	237,794.50	322,794.50
03/15/2023			235,669.50	235,669.50
09/15/2023	90,000	5.000%	235,669.50	325,669.50
03/15/2024			233,419.50	233,419.50
09/15/2024	215,000	5.000%	233,419.50	448,419.50
03/15/2025			228,044.50	228,044.50
09/15/2025	820,000	5.000%	228,044.50	1,048,044.50
03/15/2026			207,544.50	207,544.50
09/15/2026	860,000	5.000%	207,544.50	1,067,544.50
03/15/2027			186,044.50	186,044.50
09/15/2027	935,000	5.000%	186,044.50	1,121,044.50
03/15/2028			162,669.50	162,669.50
09/15/2028	985,000	5.000%	162,669.50	1,147,669.50
03/15/2029			138,044.50	138,044.50
09/15/2029	1,035,000	5.000%	138,044.50	1,173,044.50
03/15/2030			112,169.50	112,169.50
09/15/2030	1,085,000	5.000%	112,169.50	1,197,169.50
03/15/2031			85,044.50	85,044.50
09/15/2031	1,135,000	5.000%	85,044.50	1,220,044.50
03/15/2032			56,669.50	56,669.50
09/15/2032	1,195,000	1.970%	56,669.50	1,251,669.50
03/15/2033			44,898.75	44,898.75
09/15/2033	1,220,000	2.080%	44,898.75	1,264,898.75
03/15/2034			32,210.75	32,210.75
09/15/2034	1,245,000	2.170%	32,210.75	1,277,210.75
03/15/2035			18,702.50	18,702.50
09/15/2035	1,270,000	2.280%	18,702.50	1,288,702.50
03/15/2036			4,224.50	4,224.50
09/15/2036	355,000	2.380%	4,224.50	359,224.50

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 1200 adopted June 1, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. Defeasance Opinion.
- i. General Certificate.
- j. No Litigation and Signature Identification Certificate.
- k. Purchaser's Receipt for Bond.
- l. Receipt for Proceeds of Bond and Certificate and Request.
- m. Certificate of Investigation.
- n. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

the 1990s, the number of people with a disability in the United States has increased by 25% (U.S. Census Bureau 2000).

As a result of the increase in the number of people with a disability, the need for accessible information has become more acute. The Americans with Disabilities Act (ADA) of 1990 has been instrumental in making it possible for people with disabilities to participate in the information society. The ADA requires that information and communication be accessible to people with disabilities.

One of the most important areas of accessibility is the design of user interfaces for people with disabilities. User interfaces are the point of interaction between people and computers, and they play a crucial role in determining whether people with disabilities can use a computer system. The design of user interfaces for people with disabilities must take into account the unique needs and challenges of this population.

There are many different types of disabilities that can affect a person's ability to use a computer system. Some disabilities, such as visual impairments, affect a person's ability to see the screen. Other disabilities, such as hearing impairments, affect a person's ability to hear audio cues. Still other disabilities, such as physical impairments, affect a person's ability to interact with the system.

The design of user interfaces for people with disabilities must take into account the unique needs and challenges of this population. For example, people with visual impairments may need a screen reader to read the text on the screen. People with hearing impairments may need a sign language interpreter to understand audio cues. People with physical impairments may need a mouse or keyboard that is designed for their specific needs.

The design of user interfaces for people with disabilities is a complex task that requires a deep understanding of the needs and challenges of this population. It is essential that designers work closely with people with disabilities to ensure that their user interfaces are accessible and usable. Only then can we truly create an inclusive information society for everyone.

The purpose of this paper is to explore the design of user interfaces for people with disabilities. We will discuss the unique needs and challenges of this population and provide some guidelines for designing accessible user interfaces.

The paper is organized as follows. In the next section, we will discuss the unique needs and challenges of people with disabilities. In the following section, we will provide some guidelines for designing accessible user interfaces. Finally, we will conclude the paper with some thoughts on the future of accessible user interfaces.

2. Needs and challenges

There are many different types of disabilities that can affect a person's ability to use a computer system. Some disabilities, such as visual impairments, affect a person's ability to see the screen. Other disabilities, such as hearing impairments, affect a person's ability to hear audio cues. Still other disabilities, such as physical impairments, affect a person's ability to interact with the system.

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DRAFT
Refunding Form
General Obligation Bonds, Intercept Hospital

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

LOST RIVERS HOSPITAL DISTRICT, BUTTE AND CUSTER COUNTIES,
STATE OF IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this “Loan Agreement”), dated as of June 1, 2021, by and between the LOST RIVERS HOSPITAL DISTRICT, BUTTE AND CUSTER COUNTIES, STATE OF IDAHO, a hospital district duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, on April 17, 2014, the Municipality issued its General Obligation Bond, Series 2014B (Tax-Exempt) and its General Obligation Bond, Series 2014C (Taxable) (collectively, the “Prior Bonds”) for the purpose of (i) prepaying and retiring long-term indebtedness and accumulated accounts payable of the Municipality in order to reduce interest expense paid from operations, (ii) funding a working capital reserve and to finance capital improvements, and (iii) paying the costs of issuance of such bond and the Municipality intends to issue its General Obligation Bond, Series 2021 (Taxable) (the “Municipal Bond”) for the purpose of advance refunding a portion of the Prior Bonds, in accordance with the Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87, as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue its Idaho Bond Bank Authority Revenue Bonds, Series 2021B (Federally Taxable) (the “Authority Bonds”) and use a portion of the sale proceeds of its Authority Bonds to purchase the Municipal Bonds;

WHEREAS, pursuant to the Resolution, adopted on May 25, 2021 the Municipality approved this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), in which a portion of the proceeds of the Authority Bonds shall be loaned to the Municipality and the proceeds thereof shall be used to refinance all or part of the Prior Bonds; and

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE 1 – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division

of ZB, National Association, formerly known as Zions First National Bank (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”) by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the “Trust Agreement.”

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and which shall be paid by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the Chief Executive Officer of the Municipality, or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Resolution” means the Resolution of the Municipality authorizing the Municipal Bonds and the substantially form of this Loan Agreement.

“Bond Fund” means the Bond Account created under the Bond Resolution, held by Zions on behalf of the Municipality.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Hospital” means the Municipality’s Lost Rivers Medical Center, Arco, Idaho.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Loan” means the loan of proceeds of the Authority Bonds as described in Section 3.1 hereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest combined Annual Debt Service during the period from the date of such calculation through the final maturity date for the Repayment Installments and the 2014 Repayment Installments.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Municipal Bond” or “Municipal Bonds” means the Municipality’s Series 2021 Bond (Taxable) or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means Lost Rivers Hospital District, a hospital district duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Prior Bonds” means the Municipality’s Series 2014B Bond (Tax-Exempt), outstanding in the principal amount of \$2,220,000 and the Series 2014C Bond (Taxable) outstanding in the principal amount of \$2,455,000.

“Project” means the refinancing of the Prior Bonds, as described in Exhibit A hereto.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement as a repayment of the Loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 3.2(a) hereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B; however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Reserve Fund” means the combined Reserve Fund held by the Trustee for the Prior Bonds maturing on or prior to September 15, 2023, and the Municipal Bond, in the amount of the Reserve

Requirement, which will be funded from proceeds of of funds related to the Prior Bonds.

“Reserve Requirement” means the amount of \$218,681.75, constituting one-half (1/2) of the Maximum Annual Debt Service.

“Revenues” means the revenues of the Municipality from whatever source including without limitation the Tax Revenues.

“Series 2014B Bond (Tax-Exempt)” means the Municipality’s General Obligation Bond, Series 2014A (Tax-Exempt), in the principal amount of \$2,220,000.

“Series 2014C Bond (Taxable)” means the Municipality’s General Obligation Bond, Series 2014C (Taxable), in the principal amount of \$3,325,000.

“Series 2014B Loan Agreement” means the Loan Agreement between the Authority and the Municipality dated April 1, 2014.

“Series 2014 Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of the 2014B Loan Agreement as a repayment of the loan made to the Municipality under the 2014B Loan Agreement, which amount is determined in accordance with Section 3.2(a) thereof.

“Tax Revenues” shall mean the ad valorem taxes levied pursuant to the authorization of the Bond Election.

“Zions” means Zions First National Bank, as the custodian of the Municipality’s Bond Fund and Reserve Fund.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

- (a) The Municipality is a duly organized hospital district in the State of Idaho. Under the provisions of the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. The

Municipality conducted an election to authorize the issuance of its Municipal Bonds evidencing its obligations under the Loan Agreement in accordance with chapter 13, Title 39, and chapters 2, 5 and 9, Title 57, Idaho Code, as amended, and has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that financing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of the Prior Bonds, as described in Exhibit A hereto.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to finance the Project in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of financing the Project. The Loan is evidenced by the Municipal Bond of the Municipality in the par amount of \$3,840,000.00 designated by the Municipality in the Bond Resolution as the Lost Rivers Hospital District, Butte and Custer Counties, State of Idaho, General Obligation Refunding Bond, Series 2021 (Taxable). In the event of a conflict between the terms of the Bond Resolution or Municipal Bonds and this Agreement, the terms of this Agreement shall control. The Loan is based on the purchase price of the Municipal

Bonds at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. Said Loan shall be disbursed as described in Schedule 1. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the proceeds of the Bonds to be applied as provided in Article III of the Trust Agreement and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bonds to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bonds shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the Loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement is a general obligation of the Municipality and the full faith and credit and all taxes to be levied pursuant to the Bond Resolution are hereby pledged to make the payments due and to become due hereunder, provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any

change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Authority Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under Sections of this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to cause the Repayment Installments to be paid by Zions directly to the Trustee on the Municipality's behalf (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer or cause to be transferred by Zions all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, Zions, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Authority Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Authority Bonds, the Trustee shall notify Zions as to such insufficiency and request Zions to transfer

any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds. Notice to Zions hereunder shall not be a condition to any further action hereunder.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law to levy ad valorem taxes to pay the

Repayment Installments and to provide other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

(iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of Full Faith and Credit and Tax Revenues. The full faith and credit of the Municipality and the proceeds of the taxes levied upon all taxable property in the Municipality and all other legally available funds and revenues of the Municipality are hereby pledged for the prompt payment of the Repayment Installments and other amounts due hereunder as the same become due and the tax levies to that end provided in Section 4.2 hereof shall be in full force and effect, and forever remain so until the Repayment Installments shall have been fully paid, satisfied and discharged, except as hereinbefore provided, and any collection fees or charges made in connection with the Repayment Installments are to be paid by the Municipality. Notwithstanding this Section, the Municipality also consents to the sales tax and property tax intercept set forth in Section 3.6 herein and in Section 67-8727, Idaho Code, as amended.

Section 4.2 Levy of Taxes. In accordance with the provisions of applicable law, including the Bond Resolution, there shall be levied on all taxable property in the Municipality, in addition to all other taxes, a direct annual ad valorem tax in an amount sufficient together with other legally available funds to meet the payment of the Repayment Installments as the same mature and other amounts due under this Agreement and to constitute a sinking fund for payment thereof.

Said taxes in each of said years shall be levied, assessed, certified, extended, and collected by the proper officers and at the times, all as fixed by law, and as other taxes are levied, assessed, certified, extended, and collected in, for and by the Municipality and by the same officers thereof and are hereby appropriated for the purpose of paying the Repayment Installments and other amounts due hereunder until the Repayment Installments and other amounts due hereunder shall be fully paid.

Repayment Installments falling due at any time when the proceeds of said tax levy may not be available shall be paid from other funds of the Municipality and shall be reimbursed from the proceeds of said taxes or other legally available funds or revenues when said taxes or revenues shall have been collected. Said taxes in each of the several years shall be certified as being taxes necessary to be levied on all of the taxable property in the Municipality for the purpose of paying the Repayment Installments as the same become due. Said taxes when collected shall be placed in the Bond Fund and shall be used for no other purpose than for the payment of the Repayment Installments as the same become due, so long as any of the Repayment Installments remain outstanding and unpaid, but nothing herein contained shall be construed to prevent the Municipality

from paying the Repayment Installments from any other funds in its hands and available for that purpose, or to prevent the Municipality from levying any further or additional taxes which may be necessary to fully pay the Repayment Installments.

Section 4.3 Reserve Fund Deposit Municipality. There is an existing Reserve Fund held by Zions, as the Municipality’s custodian, funded from proceeds of the Prior Bonds. The Reserve Fund shall be maintained as a joint debt service reserve fund for the nonrefunded portion of the Prior Bonds maturing on and prior to September 15, 2023, and the Loan evidenced by the Municipal Bonds in an amount equal to the Reserve Requirement. Such Reserve Fund shall secure the nonrefunded portion of the Prior Bonds maturing on and prior to September 15, 2023, and the Municipal Bonds and shall be drawn upon if needed to make the Repayment Installments under the Series 2014B Loan Agreement and hereunder. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on said Reserve Fund to make the Repayment Installments by the Municipality under the Series 2014B Loan Agreement or hereunder results in a Reserve Fund balance lower than the Reserve Requirement, the Municipality shall replenish the Reserve Fund to the Reserve Requirement from Revenues as soon as possible, but not later than one (1) year from the date of the said drawing.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Taxable Status of Bonds.

(a) It is the intention of the parties hereto that interest on the Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.4 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.5 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter (“Annual Surveillance Letter”) for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the

status of the Municipality's financial condition and obligations under this Loan Agreement (the "Annual Surveillance Response"). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality's fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the "Listed Events") with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;

- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.5(b).

(d) Additional Information. Nothing in this Section 5.5 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.5 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.5, the Municipality shall have no obligation under this Section 5.5 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.5 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.5 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.5 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.6 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Repayment Installments and the Bond Fund, and upon request will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Bond Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee and to the Information Services upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.7 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the documents attached hereto as Exhibit C.

Section 5.8 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which is included in the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan as well as Annual Expense Charges as provided in Section 3.2 hereof and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

(a) failure by the Municipality to transmit to the Trustee any Repayment Installment

by the 15th day prior to its respective Repayment Installment Date; or

(b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of 60 days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies on Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued (with respect to the Trustee, subject to its rights and protections under the Trust Agreement):

(a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.

(b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that

any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or

covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption pursuant to Section 7.4 hereof. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Options to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) and the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a

notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.3 hereof) in connection herewith,

except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.8 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this

Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bonds are outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.2 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Tax-Exempt Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

IN WITNESS WHEREOF, the Lost Rivers Hospital District, Butte and Custer Counties, State of Idaho, has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

**LOST RIVERS HOSPITAL DISTRICT,
BUTTE AND CUSTER COUNTIES, STATE
OF IDAHO**

By _____
Chairman, Board of Trustees

[SEAL]

Attest:

Secretary

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: LOST RIVERS HOSPITAL DISTRICT

Prior Bonds Date:	Series 2014B Bond (Tax-Exempt): 4/17/2014, Series 2014C Bond (Taxable): 4/17/2014
Prior Bonds Original Par Amount	Series 2014B Bond refinanced: \$2,220,000, plus interest Series 2014C Bond refinanced: \$3,325,000, plus interest
Municipal Bonds Purchase Price:	Series 2021 Bond (Taxable): Par amount of \$3,840,000.00 plus original issue net premium of \$597,735.20 less Underwriter Discount of \$22,251.08, for a total purchase price of \$4,415,484.12.
Loan Amount:	\$3,840,000.00 aggregate principal amount of Municipal Bonds, plus interest
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	551 Highland Dr. Arco, ID 83213
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$4,426,146.12 (which includes \$55,000.00 of contributions from the existing Debt Service Fund and \$15,262.25 of contributions from the existing Debt Service Reserve Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bonds and related prior Authority Bonds. 2. \$55,037.94 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$2,637.81 of contingency. 3. \$4,562.31 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account. 4. \$1,758.90 from rounding is being held by the Trustee for the benefit of the Municipality to be used for additional costs of issuance and if

	not applied to the payment of costs of issuance then to be applied to payment of debt service on the Municipality's Loan.
Reserve Fund:	Funded as described above under Section 4.3.

EXHIBIT A

Description of the Project

A General Obligation Refunding Bond, in the principal amount of \$3,840,000 (Taxable) will be issued to redeem and retire the Series 2014B Bond (Tax-Exempt) and Series 2014C Bond (Taxable).

EXHIBIT B

**Repayment Installments and Repayment Installment Dates
Series 2021 (Federally Taxable)**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
06/29/2021						3,840,000	3,840,000
09/15/2021			32,967.85	32,967.85	32,967.85	3,840,000	3,840,000
03/15/2022			78,081.75	78,081.75		3,840,000	3,840,000
09/15/2022			78,081.75	78,081.75	156,163.50	3,840,000	3,840,000
03/15/2023			78,081.75	78,081.75		3,840,000	3,840,000
09/15/2023			78,081.75	78,081.75	156,163.50	3,840,000	3,840,000
03/15/2024			78,081.75	78,081.75		3,840,000	3,840,000
09/15/2024	275,000	5.000%	78,081.75	353,081.75	431,163.50	3,565,000	3,565,000
03/15/2025			71,206.75	71,206.75		3,565,000	3,565,000
09/15/2025	285,000	5.000%	71,206.75	356,206.75	427,413.50	3,280,000	3,280,000
03/15/2026			64,081.75	64,081.75		3,280,000	3,280,000
09/15/2026	300,000	5.000%	64,081.75	364,081.75	428,163.50	2,980,000	2,980,000
03/15/2027			56,581.75	56,581.75		2,980,000	2,980,000
09/15/2027	320,000	5.000%	56,581.75	376,581.75	433,163.50	2,660,000	2,660,000
03/15/2028			48,581.75	48,581.75		2,660,000	2,660,000
09/15/2028	335,000	5.000%	48,581.75	383,581.75	432,163.50	2,325,000	2,325,000
03/15/2029			40,206.75	40,206.75		2,325,000	2,325,000
09/15/2029	350,000	5.000%	40,206.75	390,206.75	430,413.50	1,975,000	1,975,000
03/15/2030			31,456.75	31,456.75		1,975,000	1,975,000
09/15/2030	365,000	5.000%	31,456.75	396,456.75	427,913.50	1,610,000	1,610,000
03/15/2031			22,331.75	22,331.75		1,610,000	1,610,000
09/15/2031	385,000	5.000%	22,331.75	407,331.75	429,663.50	1,225,000	1,225,000
03/15/2032			12,706.75	12,706.75		1,225,000	1,225,000
09/15/2032	400,000	1.970%	12,706.75	412,706.75	425,413.50	825,000	825,000
03/15/2033			8,766.75	8,766.75		825,000	825,000
09/15/2033	410,000	2.080%	8,766.75	418,766.75	427,533.50	415,000	415,000
03/15/2034			4,502.75	4,502.75		415,000	415,000
09/15/2034	415,000	2.170%	4,502.75	419,502.75	424,005.50		
	3,840,000		1,222,305.35	5,062,305.35	5,062,305.35		

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Resolution authorizing the Municipal Bonds, and delegating approval of final terms of, and execution of the Loan Agreement.
- b. Certificate as to Pricing and Related Matters.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Second Amended and Restated Custody Disbursement Agreement, dated as of June 1, 2021 between the Municipality and Zions Bancorporation, National Association.
- e. Paying Agent and Registrar Agreement, dated as of June 29, 2021 between the Municipality and Zions, as Paying Agent
- c. Municipal Bonds of the Municipality.
- d. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion.
- h. Defeasance Opinion.
- i. General Certificate.
- j. No Litigation, Disclosure and Signature Certificate.
- k. Purchaser's Receipt for Municipal Bonds.
- l. Acceptance, Authentication and Signature Identification for Zions.
- m. Receipt for Proceeds of Municipal Bonds and Certificate and Request to Escrow Agent.
- n. Form of Notice of Redemption for the 2014B Bonds and 2014C Bonds

EXHIBIT D1

Certificate Regarding Annual Financial Information

The undersigned on behalf of Lost Rivers Hospital District, Butte and Custer Counties, State of Idaho (the "Municipality") hereby certifies in connection with the Loan Agreement dated as of June 1, 2021 between the Municipality and the Idaho Bond Bank Authority (the "Authority") that:

1. The attached financial statements are the true and correct audited financial statements of the Municipality for the Municipality's fiscal year ended September 30, 2020 (the "Prior Fiscal Year").

2. Unless already stated in the attached financial statements, the debt, and the amount of debt, outstanding against the hospitality facility of the Municipality (including any debt to the Authority), as of the end of the Prior Fiscal Year, is as follows:
_____. (Attach separate sheet if needed)

3. Except as stated below or on a separate attached sheet, there is not now, and has not been during the Prior Fiscal Year: (1) any default on the Loan Agreement or other debt of the Municipality; (2) any litigation filed against the Municipality challenging the validity of the Loan Agreement; (3) any citations of non-compliance by any regulatory authority with respect to the Municipality or Hospital:
_____. (Attach separate sheet if needed)

4. There are, and have been during the Prior Fiscal Year, no material "Listed Events," as referenced in Section 5.5(d) of the Loan Agreement.

Dated this ____ day of _____, 20__.

LOST RIVERS HOSPITAL DISTRICT, BUTTE AND
CUSTER COUNTIES, STATE OF IDAHO

By _____
Its: _____
(Chief Financial Officer)

EXHIBIT D2

Notice to Repository of Failure to File Annual Report

Name of Municipality: Lost Rivers Hospital District, Butte and Custer Counties, State of Idaho

Name of Bond Issue: Idaho Bond Bank Authority Revenue Bonds, Series 2021B

Date of Issuance: June 29, 2021

NOTICE IS HEREBY GIVEN that Lost Rivers Hospital District, Butte and Custer Counties, State of Idaho, has not provided an Annual Report with respect to the above-named Bonds as required by Section 5.5 of the Loan Agreement dated as of June 1, 2021, between the Municipality and the Idaho Bond Bank Authority. [The Municipality anticipates that the Annual Report will be filed by _____.]

Dated: _____

On behalf of Lost Rivers Hospital District,
Butte and Custer Counties, State of Idaho

c: Lost Rivers Hospital District, Idaho

EXHIBIT E

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF RUPERT, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B (Federally Taxable)

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF RUPERT, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on December 20, 2012, the Municipality issued its Water Revenue Refunding Bond, Series 2012 (the “Prior Bonds”) to refinance improvements to its water system, and the Municipality intends to issue its Water Revenue Refunding Bond, Series 2021 (the “Municipal Bond”) for the purpose of currently refunding the Prior Bonds, and thereby refinance certain water facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Revenue Bonds, Series 2021B (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 21-505 adopted on May 25, 2021 (the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Bonds and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Bonds;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in

Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”) by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the “Trust Agreement.”

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the Mayor or Municipality Clerk, Finance Officer, or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Ordinance” means the Bond Ordinance as defined in the WHEREAS Clauses above.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Consulting Engineer” means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into

in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of Rupert, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents,

professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Bonds” means the Municipality’s Water Revenue Refunding Bond, Series 2012, issued on December 20, 2012, in the original principal amount of \$1,225,000.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being financed or refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“Series 2012D Loan Agreement” means the Loan Agreement between the Authority and the Municipality dated December 1, 2012.

“System” means all of the Municipality’s water system, and its water facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

“Water Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

(a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have

been complied with and that financing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of the facilities described in Exhibit A hereto and the redemption of the Prior Bonds.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to finance the Project in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bonds which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment

Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this

Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section

to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or

other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

(iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the "Water Revenue Fund," which is the Revenue Fund held by the Municipality, and herein designated as the "Income Fund," which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the "Income Fund" and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys

in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Repayment Installments. Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Surplus. Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of the Municipality payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such additional obligations, none of the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit If the Municipality fails to comply with the requirements as to System rates and charges set forth in Section 5.11 hereof, or Section 5.11 of the Series 2012D Loan Agreement in regard to the nonrefunded portion of the Prior Bonds, or fails to maintain System Net Revenues, plus any credit from the Rate Stabilization Account in accordance with Section 4.5 and 4.6 hereof, or Section 4.5 and 4.6 of the Series 2012D Loan Agreement in regard to the nonrefunded portion of the Prior Bonds, equal to at least 150% of Annual Debt Service in any Fiscal Year and is unable to bring itself into compliance within 60 days after discovery by the Municipality of such failure, it shall immediately notify the Authority and the Trustee and shall establish from funds of the Municipality a Reserve Fund held by the Municipality funded in the amount of 2.5% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds during the first succeeding Fiscal Year, 5.0% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds in the second succeeding Fiscal Year, 7.5% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds in the third succeeding Fiscal Year and 10% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds in the fourth succeeding Fiscal Year and 10% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds for each succeeding Fiscal Year thereafter, provided that at no time shall the amount in the Reserve Fund exceed the lesser of 10% of the combined outstanding principal balances of the Loan and nonrefunded portion of the Prior Bonds, the Maximum Annual Debt Service on the Loan and nonrefunded portion of the Prior Bonds or 125% of the average annual debt service on the Loan and nonrefunded portion of the Prior Bonds (the “Reserve Requirement”). The required percentage amounts shall be fully funded by the Municipality no later than the end of the applicable Fiscal Year. Such Reserve Fund shall be drawn upon if needed to make the Repayment Installments under the Series 2012D Loan Agreement and hereunder and may, upon the election of the Municipality with 30 days prior written notice to the Authority, also secure any subsequent Parity Debt if so elected by the Municipality provided that the Reserve Requirement shall cover all Parity Debt and not just the Loan and nonrefunded portion of the Prior Bonds. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by Municipality under the Series 2012D Loan Agreement or hereunder results in a Reserve Fund balance lower than the Reserve Requirement, the Municipality shall replenish the Reserve Fund to the Reserve Requirement from System Net Revenues as soon as possible but not later than one (1) year from the date of such drawing. The Reserve Fund for the Prior Bonds was funded with cash from the Municipality and the Reserve Requirement for the Prior Bonds maturing on or prior to September 15, 2023 is waived and any funds remaining in the Reserve Fund shall be released to the Municipality for any lawful purpose.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Water Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

(a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Water Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section 5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Taxable Status of Bonds. It is the intention of the parties hereto that interest on the Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the

Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter (“Annual Surveillance Letter”) for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the status of the Municipality’s financial condition and obligations under this Loan Agreement (the “Annual Surveillance Response”). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality’s fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) Additional Information. Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the Municipality shall have no obligation under this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from

such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Repayment Installments, and a Certificate of the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs.

(ii) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.

(iii) All payments required for compliance with the terms hereof.

(iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues

specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the Income Fund, and upon request, [which](#) the Trustee

has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the

Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

- (a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or
- (b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.
- (b) The Authority or the Trustee may take whatever action at law or in equity as may

be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the

Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the

related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and

covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of Rupert, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF RUPERT, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF RUPERT

Prior Bonds Date:	December 20, 2012
Prior Bonds Original Par Amount:	Water Revenue Refunding Bond, Series 2012 \$1,225,000.
Municipal Bond Purchase Price:	Par amount of \$645,000.00 plus a premium of \$138,834.85 less Underwriter Discount of \$1,904.64, for a net purchase price of \$781,930.21.
Repayment Amount:	\$645,000.00 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	624 F Street, Rupert, Idaho 83350
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$777,661.30 (which includes \$8,944.05 of contributions from the existing Debt Service Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bonds and related prior Authority Bonds. 2. \$12,858.10 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$449.12 of contingency. 3. \$354.86 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account.
Reserve Fund:	The Municipality qualifies for a debt service reserve fund waiver as a result of debt service coverage in excess of 1.5x or 150% unless subsequently required by Section 4.4 after closing.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Water Revenue Refunding Bond, Series 2021, in the principal amount of \$645,000.00, for the purpose of refunding the Municipality's outstanding Prior Bonds which originally financed and/or refinanced all or a portion of the costs of design and construction of various improvements for the water system of the City of Rupert, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			6,776.35	6,776.35
03/15/2022			16,049.25	16,049.25
09/15/2022			16,049.25	16,049.25
03/15/2023			16,049.25	16,049.25
09/15/2023	60,000	5.000%	16,049.25	76,049.25
03/15/2024			14,549.25	14,549.25
09/15/2024	60,000	5.000%	14,549.25	74,549.25
03/15/2025			13,049.25	13,049.25
09/15/2025	65,000	5.000%	13,049.25	78,049.25
03/15/2026			11,424.25	11,424.25
09/15/2026	65,000	5.000%	11,424.25	76,424.25
03/15/2027			9,799.25	9,799.25
09/15/2027	70,000	5.000%	9,799.25	79,799.25
03/15/2028			8,049.25	8,049.25
09/15/2028	75,000	5.000%	8,049.25	83,049.25
03/15/2029			6,174.25	6,174.25
09/15/2029	80,000	5.000%	6,174.25	86,174.25
03/15/2030			4,174.25	4,174.25
09/15/2030	80,000	5.000%	4,174.25	84,174.25
03/15/2031			2,174.25	2,174.25
09/15/2031	85,000	5.000%	2,174.25	87,174.25
03/15/2032			49.25	49.25
09/15/2032	5,000	1.970%	49.25	5,049.25

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 21-505 adopted May 25, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. Defeasance Opinion
- i. General Certificate.
- j. No Litigation and Signature Identification Certificate.
- k. Purchaser's Receipt for Bond.
- l. Receipt for Proceeds of Bond and Certificate and Request.
- m. Certificate of Investigation.
- n. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

DRAFT
Refunding Taxable Form
Revenue Bonds, Intercept - Sewer

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF RUPERT, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B (Federally Taxable)

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF RUPERT, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on December 20, 2012, the Municipality issued its Sewer Revenue Bond, Series 2012 (the “Prior Bonds”) to refinance improvements to its sewer system, and the Municipality intends to issue its Sewer Revenue Refunding Bond, Series 2021 (the “Municipal Bond”) for the purpose of currently refunding the Prior Bonds, and thereby refinance certain Sewer facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Revenue Bonds, Series 2021B (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 21-504 adopted on May 25, 2021 and the amendment to the ordinance adopted on June 8, 2021 (collectively the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Bonds and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Bonds;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in

Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”) by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the “Trust Agreement.”

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the Mayor or Municipality Clerk, Finance Officer, or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Ordinance” means the Bond Ordinance as defined in the WHEREAS Clauses above.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Consulting Engineer” means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into

in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of Rupert, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents,

professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Bonds” means the Municipality’s Sewer Revenue Refunding Bond, Series 2012, issued on December 20, 2012, in the original principal amount of \$10,570,000.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being financed or refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“System” means all of the Municipality’s sewer system, and its sewer facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

“Sewer Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

(a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that financing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of the facilities described in Exhibit A hereto and the redemption of the Prior Bonds.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to finance the Project in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bonds which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen

(15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive

certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay

debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

(iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the “Sewer Revenue Fund,” which is the Revenue Fund held by the Municipality, and herein designated as the “Income Fund,” which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the “Income Fund” and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such

funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Repayment Installments. Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Surplus. Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of

the Municipality payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such additional obligations, none of the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit There shall be established a Reserve Fund held by the Municipality funded from a bond insurer reserve policy in an amount equal to the lesser of 10% of the outstanding principal balance of the Loan, the Maximum Annual Debt Service on the Loan or 125% of the average annual debt service on the Loan (the “Reserve Requirement”). The Reserve Requirement shall be maintained as a debt service reserve fund for the Loan as evidenced by the Municipal Bond. Such Reserve Fund shall secure only the Municipal Bond and shall be drawn upon if needed to make the Repayment Installments hereunder. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by the Municipality on the Loan results in a balance in such fund lower than the Reserve Requirement, the Municipality shall replenish said account to the Reserve Requirement from System Net Revenues as soon as possible, but not later than one (1) year from the date of the said drawing. The Reserve Fund for the Prior Bonds is now being funded from a bond insurer reserve policy and the funds currently held in the Reserve Fund for the Prior Bonds can be released to the Municipality for any lawful purpose.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Sewer Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

(a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Sewer Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section 5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it

owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Taxable Status of Bonds. It is the intention of the parties hereto that interest on the Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter ("Annual Surveillance Letter") for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the status of the Municipality's financial condition and obligations under this Loan Agreement (the "Annual Surveillance Response"). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality's fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality

to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) Additional Information. Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the Municipality shall have no obligation under this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal

possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Repayment Installments, and a Certificate of the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient,

after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

- (i) All current Operation and Maintenance Costs.
- (ii) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.
- (iii) All payments required for compliance with the terms hereof.
- (iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes

delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the Income Fund, and upon request, **which** the Trustee has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

- (a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or
- (b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of

Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.
- (b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such

proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in

Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

- (a) The Repayment Installments shall be discharged to the extent the Bonds are

discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the

Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as

between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of Rupert, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF RUPERT, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF RUPERT

Prior Bonds Date:	December 20, 2012
Prior Bonds Original Par Amount:	Sewer Revenue Refunding Bond, Series 2012 \$10,570,000.
Municipal Bond Purchase Price:	Par amount of \$6,200,000.00 plus a premium of \$944,564.40 less Underwriter Discount of \$19,295.71, for a net purchase price of \$7,125,268.69.
Repayment Amount:	\$6,200,000.00 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	624 F Street, Rupert, Idaho 83350
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$7,095,214.89 (which includes \$82,454.68 of contributions from the existing Debt Service Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bonds and related prior Authority Bonds. 2. \$27,900 to pay for the Debt Service Reserve Fund surety. 3. \$77,047.17 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$4,317.08 of contingency. 4. \$7,561.31 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account.
Reserve Fund:	Funded by issuance of a bond insurer policy for a total of \$620,000.00 as provided in Section 4.4 of this Loan Agreement.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Sewer Revenue Refunding Bond, Series 2021, in the principal amount of \$6,200,000.00, for the purpose of refunding the Municipality's outstanding Prior Bonds which originally financed and/or refinanced all or a portion of the costs of design and construction of various improvements for the sewer system of the City of Rupert, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			55,467.76	55,467.76
03/15/2022			131,371.00	131,371.00
09/15/2022	10,000	5.000%	131,371.00	141,371.00
03/15/2023			131,121.00	131,121.00
09/15/2023	470,000	5.000%	131,121.00	601,121.00
03/15/2024			119,371.00	119,371.00
09/15/2024	490,000	5.000%	119,371.00	609,371.00
03/15/2025			107,121.00	107,121.00
09/15/2025	515,000	5.000%	107,121.00	622,121.00
03/15/2026			94,246.00	94,246.00
09/15/2026	540,000	5.000%	94,246.00	634,246.00
03/15/2027			80,746.00	80,746.00
09/15/2027	565,000	5.000%	80,746.00	645,746.00
03/15/2028			66,621.00	66,621.00
09/15/2028	590,000	5.000%	66,621.00	656,621.00
03/15/2029			51,871.00	51,871.00
09/15/2029	575,000	5.000%	51,871.00	626,871.00
03/15/2030			37,496.00	37,496.00
09/15/2030	380,000	5.000%	37,496.00	417,496.00
03/15/2031			27,996.00	27,996.00
09/15/2031	395,000	5.000%	27,996.00	422,996.00
03/15/2032			18,121.00	18,121.00
09/15/2032	340,000	1.970%	18,121.00	358,121.00
03/15/2033			14,772.00	14,772.00
09/15/2033	340,000	2.080%	14,772.00	354,772.00
03/15/2034			11,236.00	11,236.00
09/15/2034	350,000	2.170%	11,236.00	361,236.00
03/15/2035			7,438.50	7,438.50
09/15/2035	355,000	2.280%	7,438.50	362,438.50
03/15/2036			3,391.50	3,391.50
09/15/2036	285,000	2.380%	3,391.50	288,391.50

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 21-504 adopted May 25, 2021 and the amendment to the ordinance adopted on June 8, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. Defeasance Opinion.
- i. General Certificate.
- j. No Litigation and Signature Identification Certificate.
- k. Purchaser's Receipt for Bond.
- l. Receipt for Proceeds of Bond and Certificate and Request.
- m. Certificate of Investigation.
- n. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

the study. The results of the present study are in line with the findings of other studies.

It is worth mentioning that the present study was a cross-sectional study. Therefore, the causal relationship between the variables cannot be confirmed. In addition, the present study was conducted in a single centre. Therefore, the results of the present study may not be generalizable to other centres.

In conclusion, the present study showed that the prevalence of *S. pneumoniae* carriage in the nasopharynx of children in a day care centre was 100%.

The authors would like to thank the staff of the day care centre for their cooperation in this study.

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LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF ST. ANTHONY, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B (Federally Taxable)

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF ST. ANTHONY, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on December 20, 2012, the Municipality issued its Water Revenue Refunding Bond, Series 2012 (the “Prior Bonds”) to refinance improvements to its water system, and the Municipality intends to issue its Water Revenue Refunding Bond, Series 2021 (the “Municipal Bond”) for the purpose of currently refunding the Prior Bonds, and thereby refinance certain water facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Revenue Bonds, Series 2021B (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 2021-04 adopted on May 27, 2021 (the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Bonds and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Bonds;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in

Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”) by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the “Trust Agreement.”

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the Mayor or Municipality Clerk, Finance Officer, or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Ordinance” means the Bond Ordinance as defined in the WHEREAS Clauses above.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Consulting Engineer” means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into

in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of St. Anthony, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents,

professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Bonds” means the Municipality’s Water Revenue Refunding Bond, Series 2012, issued on December 20, 2012, in the original principal amount of \$710,000.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being financed or refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“System” means all of the Municipality’s water system, and its water facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

“Water Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

(a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that financing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of the facilities described in Exhibit A hereto and the redemption of the Prior Bonds.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to finance the Project in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bonds which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen

(15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive

certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay

debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

(ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.

(iii) The attorney general shall assist the State Treasurer in these duties.

(iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the "Water Revenue Fund," which is the Revenue Fund held by the Municipality, and herein designated as the "Income Fund," which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the "Income Fund" and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such

funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Repayment Installments. Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Surplus. Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of

the Municipality payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such additional obligations, none of the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit If the Municipality fails to comply with the requirements as to System rates and charges set forth in Section 5.11 hereof or fails to maintain System Net Revenues, plus any credit from the Rate Stabilization Account in accordance with Section 4.5 and 4.6 hereof, equal to at least 150% of Annual Debt Service in any Fiscal Year and is unable to bring itself into compliance within 60 days after discovery by the Municipality of such failure, it shall immediately notify the Authority and the Trustee and shall establish from funds of the Municipality a Reserve Fund held by the Municipality funded in the amount of 2.5% of the outstanding principal balance of the Loan during the first succeeding Fiscal Year, 5.0% of the outstanding principal balance of the Loan in the second succeeding Fiscal Year, 7.5% of the outstanding principal balance of the Loan in the third succeeding Fiscal Year and 10% of the outstanding principal balance of the Loan in the fourth succeeding Fiscal Year and 10% of the outstanding principal balance of the Loan for each succeeding Fiscal Year thereafter, provided that at no time shall the amount in the Reserve Fund exceed the lesser of 10% of the outstanding principal balance of the Loan, the Maximum Annual Debt Service on the Loan or 125% of the average annual debt service on the Loan (the "Reserve Requirement"). The required percentage amounts shall be fully funded by the Municipality no later than the end of the applicable Fiscal Year. Such Reserve Fund shall be drawn upon if needed to make the Repayment Installments hereunder and may, upon the election of the Municipality with 30 days prior written notice to the Authority, also secure any subsequent Parity Debt if so elected by the Municipality provided that the Reserve Requirement shall cover all Parity Debt and not just the Loan. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by Municipality on the Loan results in a balance in such fund lower than the Reserve Requirement, the Municipality shall replenish said account to the Reserve Requirement from System Net Revenues as soon as possible but not later than one (1) year from the date of such drawing.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Water Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

- (a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate

Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Water Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section 5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided

herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Taxable Status of Bonds. It is the intention of the parties hereto that interest on the Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the

annual surveillance letter commencing with the annual surveillance letter (“Annual Surveillance Letter”) for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter regarding the status of the Municipality’s financial condition and obligations under this Loan Agreement (the “Annual Surveillance Response”). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality’s fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the “Listed Events”) with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;

- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) Additional Information. Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the Municipality shall have no obligation under this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures

for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Repayment Installments, and a Certificate of the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

- (i) All current Operation and Maintenance Costs.
- (ii) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.
- (iii) All payments required for compliance with the terms hereof.
- (iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below

those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the Income Fund, and upon request, **which** the Trustee has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of

such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

- (a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or

(b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

(a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.

(b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the

Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of

all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date

thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, the thereMunicipality shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority BondsLoan Agreement, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if

any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

ARTICLE IX - NON-LIABILITY OF AUTHORITY; EXPENSES; INDEMNIFICATION

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1 attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the City of St. Anthony, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF ST. ANTHONY, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF ST. ANTHONY

Prior Bonds Date:	December 20, 2012
Prior Bonds Original Par Amount:	Water Revenue Refunding Bond, Series 2012 \$710,000.
Municipal Bond Purchase Price:	Par amount of \$265,000.00 plus a premium of \$44,453.05 less Underwriter Discount of \$722.86, for a net purchase price of \$308,730.19.
Repayment Amount:	\$265,000.00 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	420 N. Bridge St., St. Anthony, Idaho 83445
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$300,754.01 (which includes \$1,214.08 of contributions from the existing Debt Service Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bonds and related prior Authority Bonds. 2. \$9,190.26 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$184.52 of contingency. 3. \$0 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account.
Reserve Fund:	The Municipality qualifies for a debt service reserve fund waiver as a result of debt service coverage in excess of 1.5x or 150% unless subsequently required by Section 4.4 after closing.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Water Revenue Refunding Bond, Series 2021, in the principal amount of \$265,000.00, for the purpose of refunding the Municipality's outstanding Prior Bonds which originally financed and/or refinanced all or a portion of the costs of design and construction of various improvements for the water system of the City of St. Anthony, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			2,797.22	2,797.22
03/15/2022			6,625.00	6,625.00
09/15/2022			6,625.00	6,625.00
03/15/2023			6,625.00	6,625.00
09/15/2023	50,000	5.000%	6,625.00	56,625.00
03/15/2024			5,375.00	5,375.00
09/15/2024	55,000	5.000%	5,375.00	60,375.00
03/15/2025			4,000.00	4,000.00
09/15/2025	55,000	5.000%	4,000.00	59,000.00
03/15/2026			2,625.00	2,625.00
09/15/2026	60,000	5.000%	2,625.00	62,625.00
03/15/2027			1,125.00	1,125.00
09/15/2027	45,000	5.000%	1,125.00	46,125.00

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 2021-04 adopted May 27, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. Defeasance Opinion.
- i. General Certificate.
- j. No Litigation and Signature Identification Certificate.
- k. Purchaser's Receipt for Bond.
- l. Receipt for Proceeds of Bond and Certificate and Request.
- m. Certificate of Investigation.
- n. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

LOAN AGREEMENT

Between

IDAHO BOND BANK AUTHORITY

And

CITY OF ST. ANTHONY, IDAHO

Dated as of June 1, 2021

Relating to

Idaho Bond Bank Authority
Revenue Bonds
Series 2021B (Federally Taxable)

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 1, 2021, by and between the CITY OF ST. ANTHONY, IDAHO, a municipal corporation duly organized, existing and operating under the laws and Constitution of the State of Idaho and thereby a “Municipality” under the “Act” as defined below (the “Municipality”), and IDAHO BOND BANK AUTHORITY, an independent public body corporate and politic (the “Authority”),

WITNESSETH:

WHEREAS, pursuant to Idaho Code, Title 50, Chapter 10, on December 20, 2012, the Municipality issued its Sewer Revenue Refunding Bond, Series 2012 (the “Prior Bonds”) to refinance improvements to its sewer system, and the Municipality intends to issue its Sewer Revenue Refunding Bond, Series 2021 (the “Municipal Bond”) for the purpose of currently refunding the Prior Bonds, and thereby refinance certain Sewer facilities (the “Project”) in accordance with this Loan Agreement;

WHEREAS, the Authority is an independent public body corporate and politic duly created and operating pursuant to Idaho Code, Title 67, Chapter 87 as amended or supplemented from time to time (the “Act”);

WHEREAS, the Act authorizes and empowers the Authority to issue bonds for the purpose of purchasing municipal bonds, including loans undertaken by municipalities for any purpose authorized by law;

WHEREAS, the Authority intends to issue Idaho Bond Bank Authority Revenue Bonds, Series 2021B (the “Bonds”);

WHEREAS, pursuant to Ordinance No. 2021-05 adopted on May 27, 2021 (the “Bond Ordinance”), the Municipality authorized the Municipal Bond and the refunding of the Prior Bonds and delegated authority to its Delegated Officer (as defined in the Bond Ordinance) to approve the final terms and provisions of this Loan Agreement by and between the Municipality and the Authority (the “Loan Agreement”), the proceeds of such Loan to refinance the Prior Bonds;

WHEREAS, the Municipality’s Delegated Officer has approved the final pricing of the Bonds and terms of the Municipal Bond;

NOW, THEREFORE, in consideration of the premises and the respective representations and covenants herein contained, the parties hereto agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1 Definition of Terms. Unless the context otherwise requires, the capitalized terms used in this Loan Agreement not otherwise defined herein shall have the meanings specified in

Section 1.01 of the Master Trust Agreement, dated as of December 1, 2004 between the Authority and U.S. Bank National Association, as trustee which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which trustee has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the “Trustee”), as amended relating to the Bonds (the “Master Trust Agreement”), and all supplemental trust agreements including the Thirty-First Supplemental Trust Agreement dated as of June 1, 2021 (the “Thirty-First Supplemental Trust Agreement”) by and between the Authority and the Trustee, as previously supplemented and amended or as it may from time to time be supplemented or amended as provided therein with the Master Trust Agreement and all Supplemental Trust Agreements including the Thirty-First Supplemental Trust Agreement referred to herein collectively as the “Trust Agreement.”

“Annual Debt Service” means, for any Fiscal Year, the sum of (1) the interest accruing on all Parity Debt during such Fiscal Year calculated on the basis of a 360-day year consisting of twelve 30-day months, assuming that all Parity Debt is retired as scheduled, plus (2) the principal amount (including principal due as sinking fund installment payments) allocable to all Parity Debt in such Fiscal Year.

“Annual Expense Charges” means the annual charges for Trustee fees, continuing disclosure dissemination agent fees, audit fees, rebate calculation expenses or other expenses related to the Bonds or Loan and paid by the Authority which shall be reimbursed to the Authority by the Municipality as provided in Section 3.2(a) hereof upon receipt of invoice from the Authority or Trustee as well as any late fees or charges related to continuing disclosure or audit submission.

“Authority Fee” means the one-time fee payable by the Municipality to the Authority upon issuance and delivery of the Bonds in the amount set forth in Schedule 1 equal to 1/10 of one percent (.10%) of the total debt service to be paid on the Loan. The amount of any application fee previously paid by the Municipality to the Authority may be credited against the Authority Fee.

“Authorized Municipality Representative” means the Mayor or Municipality Clerk, Finance Officer, or any such officer’s designee, or any other officer of the Municipality duly authorized by the Municipality.

“Bond Ordinance” means the Bond Ordinance as defined in the WHEREAS Clauses above.

“Certificate of the Municipality” means an instrument in writing signed by an Authorized Municipality Representative, such authorization to be evidenced by a certificate verifying the specimen signatures of such officers at the request of the Trustee.

“Consulting Engineer” means any qualified registered or licensed professional engineer practicing under the laws of the State of Idaho selected by the Municipality.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into

in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” means the fiscal year of the Municipality, beginning October 1 and ending September 30 each year.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Income Fund” means the fund by that name described in Section 4.2 hereof.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the Municipality, which is independent of the Municipality and the Authority pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Issue Date” means the date of issuance of the Municipal Bond.

“Loan” means the loan of proceeds of the Bonds as described in Section 3.1 hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Maximum Annual Debt Service” means, as of any date of calculation, the largest Annual Debt Service during the period from the date of such calculation through the final maturity date of all Parity Debt.

“Municipal Bond” or “Municipal Bonds” means the revenue bond or other evidence of indebtedness issued and delivered by the Municipality to evidence the Loan as provided in Section 3.1 hereof.

“Municipality” means the City of St. Anthony, Idaho, a municipal corporation of the State of Idaho and thereby a “Municipality” under the Act.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the Municipality, paid or accruing, for operating, maintaining and repairing the System, including legal and overhead expenses of the municipality directly related to the administration of the System, insurance premiums, audits, charges of depository banks and paying agents,

professional services, salaries, administrative expenses, labor, and the cost of materials and supplies for current operation, but not including depreciation, legal liabilities not based on contract, the cost of improvements to the System, charges for accumulation of reserves, or payment of Parity Debt or Subordinate Obligations.

“Parity Debt” means the Repayment Installments and any Parity Obligations.

“Parity Obligation Payments” means the payments scheduled to be paid by the Municipality under and pursuant to the Parity Obligations, which payments are secured by a pledge of System Net Revenues on parity with the Repayment Installments as provided herein.

“Parity Obligations” means all obligations of the Municipality authorized and executed by the Municipality other than the Repayment Installments including prior obligations, with Parity Obligation Payments which are secured by a pledge of the System Net Revenues on parity with the Repayment Installments as provided herein.

“Prior Bonds” means the Municipality’s Sewer Revenue Refunding Bond, Series 2012, issued on December 20, 2012, in the original principal amount of \$3,295,000.

“Project” means the improvements to the Municipality’s System as described in Exhibit A hereto being financed or refinanced by the Municipal Bond.

“Rate Stabilization Account” means the Rate Stabilization Account established pursuant to Section 4.5 hereof.

“Repayment Amount” means the amount specified in Schedule 1 attached hereto.

“Repayment Installment” means any amount that the Municipality is required to pay directly to the Trustee pursuant to Section 3.2(a) of this Loan Agreement, as a repayment of the loan made to the Municipality under the Loan Agreement, which amount is determined in accordance with Section 4.2(a) thereof.

“Repayment Installment Date” means the dates corresponding to the Repayment Installments, as set forth in Exhibit B, however, payments must be transmitted to the Trustee at least fifteen (15) days prior to the Repayment Installment Dates on Exhibit B.

“Revenue Fund” means the fund so designated established pursuant to the Trust Agreement and held by the Trustee.

“System” means all of the Municipality’s sewer system, and its sewer facilities and properties now owned or hereafter acquired, whether situated within or without Municipality boundaries.

“System Net Revenues” means the remaining System Revenues after deducting Operation and Maintenance Expenses.

“System Revenues” means all gross income and revenue received or receivable by the Municipality from the ownership or operation of the System, determined in accordance with Generally Accepted Accounting Principles, excluding grants, hookup fees and other non recurring revenue, but including without limitation, transfers from the Rate Stabilization Account and including all fees (excluding connection fees), rates, charges and all amounts paid under any contracts received by or owed to the Municipality in connection with the operation of the System and all proceeds of insurance relating to the System and investment income allocable to the System and all other income and revenue howsoever derived by the Municipality from the ownership, or operation of the System or arising from the System.

“Sewer Revenue Fund” means the Revenue Fund established by the Bond Ordinance.

Section 1.2 Number and Gender. The singular form of any word used herein, including the terms defined in Section 1.01 of the Trust Agreement, shall include the plural, and vice versa. The use herein of a word of any gender shall include all genders.

Section 1.3 Articles, Sections, Etc. Unless otherwise specified, references to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The words “hereof,” “herein,” “hereunder” and words of similar import refer to this Loan Agreement as a whole. The headings or titles of the several articles and sections, and the table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

ARTICLE II – REPRESENTATIONS

Section 2.1 Representations of the Municipality. The Municipality makes the following representations as the basis for its undertakings herein contained:

(a) The Municipality is a municipal corporation in the State of Idaho. Under the provisions the Act, the Municipality has the power to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder. By proper action, the Municipality has authorized the Municipal Bond evidencing its obligations under this Loan Agreement in accordance with Title 50, Chapter 10 and Section 67-8722 of the Idaho Code, as amended. By proper action, the Municipality has been duly authorized to execute, deliver and duly perform this Loan Agreement.

(b) The Municipality is not in default under any of the provisions of the laws of the State of Idaho which default would affect its existence or its powers referred to in subsection (a) of this Section 2.1.

(c) The Municipality has found and determined and hereby finds and determines that all requirements of the Act with respect to the execution of this Loan Agreement have been complied with and that financing the Project by entering into this Loan Agreement will be in furtherance of the purposes of the Act.

(d) The Project consists and will consist of the refinancing of the facilities described in Exhibit A hereto and the redemption of the Prior Bonds.

Section 2.2 Representations of the Authority. The Authority makes the following representations as the basis for its undertakings herein contained:

(a) The Authority is an independent public body corporate and politic duly formed under the laws of the State of Idaho and has the power to enter into and has duly authorized the execution and delivery of the Trust Agreement, this Loan Agreement and all other documents contemplated hereby to be executed by the Authority.

(b) The execution and delivery of the Bonds, this Loan Agreement, and the Trust Agreement and the consummation of the transactions contemplated hereby and thereby do not conflict with or constitute a breach of or default under the Act or, to the best knowledge of the Authority, under the terms and conditions of any agreement or commitment to which the Authority is a party or by which the Authority is bound.

(c) The Authority will issue, execute and deliver the Bonds upon the terms and conditions set forth in the Trust Agreement and will use a portion of proceeds of the issuance of the Bonds for the Loan to finance the Project in accordance with this Loan Agreement.

(d) The Authority sold the Bonds in a bona-fide public offering through which, to the best of the Authority's knowledge acting in good faith, the Bonds were sold at rates and prices that represent market terms available on the date of the sale.

ARTICLE III - LOAN TO MUNICIPALITY; REPAYMENT PROVISIONS

Section 3.1 Loan to Municipality. The Authority covenants and agrees, upon the terms and conditions in this Loan Agreement, to make a Loan of the amount specified in Schedule 1 attached hereto to the Municipality for the purpose of refunding the Prior Bonds which financed the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus a premium or less a discount as described in Schedule 1 hereto. The Authority will issue the Bonds upon the same terms and conditions contained in this Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in Article III thereof and the Escrow Agreement (as defined in the Thirty-First Supplemental Trust Agreement). The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation hereunder and the payments due on the Municipal Bond shall equal the Repayment Installments hereunder.

Section 3.2 Repayment and Payment of Other Amounts Payable.

(a) The Municipality covenants and agrees to pay to the Trustee the Repayment Installments together with the Annual Expense Charges and all other amounts then due hereunder on the Loan to the Municipality pursuant to Section 3.1 hereof, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in Exhibit B hereto. The Trustee shall transmit the Annual Expense Charges to the Authority.

Any amount held by the Trustee in the Revenue Fund on the Municipality's behalf on any Repayment Installment Date hereunder shall be credited against the Repayment Installment due on such date to the extent available for such purpose; and provided further that, subject to the provisions of this paragraph, if at any time the amounts held by the Trustee in the Revenue Fund on the Municipality's behalf are sufficient to pay all of the Repayment Installments, the Municipality shall be relieved of any obligation to make any further payments under the provisions of this Section. Notwithstanding the foregoing, if on any date the amount held by the Trustee in the Revenue Fund on the Municipality's behalf is insufficient to make any required Repayment Installment on any Repayment Installment Date, the Municipality shall forthwith pay such deficiency as a Repayment Installment hereunder.

(b) Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Section 3.3 Unconditional Obligation. The obligations of the Municipality to make the payments required by Section 3.2 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim it might otherwise have against the Authority, and during the term of this Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in Section 3.2 and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under this Loan Agreement shall be limited to the extent of System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Agreement and the Municipal Bond, but is not a general obligation of the Municipality provided that the State Intercept under Section 3.6 hereof shall apply. Until such time as the Repayment Installments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VIII of this Loan Agreement), the Municipality (i) will not suspend or discontinue any payments provided for in Section 3.2 hereof; (ii) will perform and observe all of its other covenants contained in this Loan Agreement; and (iii) will not terminate this Loan Agreement for any cause, including, without limitation, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Idaho or any political subdivision of either of these, or any failure of the Authority or the Trustee to perform and observe any covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the Trust Agreement, except to the extent permitted by this Loan Agreement.

Section 3.4 Assignment of Authority's Rights. As security for the payment of the Bonds, the Authority will assign to the Trustee the Authority's rights, but not its obligations, under this Loan Agreement, including the right to receive payments hereunder (except (i) the rights of the Authority to receive notices under this Loan Agreement, (ii) the right of the Authority to receive certain payments, if any, with respect to fees, expenses and indemnification and certain other purposes under this Loan Agreement, and (iii) the right of the Authority to give approvals or consents pursuant to this Loan Agreement) and the Authority hereby directs the Municipality to

make the payments required hereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality hereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of Section 3.2(b)) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Section 3.5 Amounts Remaining in Funds. It is agreed by the parties hereto that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in Article VIII of this Loan Agreement, (ii) the fees and expenses of the Authority in accordance with this Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and this Loan Agreement and (iv) all other amounts required to be paid under this Loan Agreement and the Trust Agreement, any amounts remaining in any fund held by the Trustee under the Trust Agreement shall belong, subject to the requirements of Section 7.03 of the Trust Agreement, to the Authority and be paid to the Authority by the Trustee, provided that any earnings on payments by the Municipality to the Trustee under Section 3.2(a) prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

Section 3.6 Timeliness of Payments; Consent to State Intercept; Repayment.

(a) The Municipality understands that the State intercept and repayment procedures contained in and required by Section 67-8727, Idaho Code, as amended, and as set forth herein operate as a matter of law with respect to the Loan covered by this Loan Agreement without the need for consent thereto by the Municipality. The Municipality also understands that said intercept procedures will provide funds to pay the Authority Bonds (not the Loan obligations).

(b) If the Municipality is unable to transfer all of its Repayment Installment to the Trustee at least 15 days before the Repayment Installment Date, the Municipality shall immediately notify the Trustee, the Authority and the State Treasurer by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail. If sufficient funds are not transferred to the Trustee for the Bonds of the Authority that are secured by this Loan Agreement at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall transfer any available funds pledged to secure payment of the Bonds in sufficient amounts to make up any shortfall in the amount necessary to pay debt service on the Bonds on the scheduled payment date and deposit such amount in the debt service payment fund for those Bonds.

(c) If, as a result of the failure of the Municipality to make Repayment Installments in a timely manner, the Trustee shall transfer funds pursuant to paragraph (b) of this section to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section to make up for any shortfall in the amount necessary to pay debt service on the Bonds, at least ten (10) days before the scheduled debt service payment date of the Bonds, the Trustee shall notify the Authority and the State Treasurer

by: (i) telephone; (ii) a writing sent by facsimile transmission; and (iii) a writing sent by first-class United States mail.

(d) To the extent provided and required by Section 67-8727, Idaho Code, as amended, and upon the notice provided in subsection (c) of this section, the State Treasurer shall (i) immediately intercept to the extent permitted by law any payments available from: (A) the receipts of any payment of property taxes; or (B) sales tax moneys that would be distributed pursuant to section 63-3638, Idaho Code; or (C) liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended; or (D) any other source of operating moneys provided by the State to the Municipality that would otherwise be paid to the Municipality by the State. In the event that the said intercept is not sufficient to make the applicable Repayment Installment, then the State Treasurer shall certify and give notice to the State Controller of the amount of the deficiency in order that moneys representing sales tax receipts may be transferred to make such payment as provided for in the Trust Agreement and the Act.

(e) If the State has made all or part of a Repayment Installment on behalf of the Municipality from moneys representing sales tax receipts transferred from the State general fund pursuant to Section 67-8716, Idaho Code, the Municipality shall: (a) reimburse all moneys drawn by the State Treasurer on its behalf; (b) pay interest to the State on all moneys paid by the State from the date the moneys are drawn to the date they are repaid at a rate not less than the average prime rate for national money center banks plus five percent (5%); and (c) pay all penalties required by the Act.

(f) The State Treasurer shall establish the reimbursement interest rate after considering the circumstances of any prior draws by the Municipality on the State, market interest and penalty rates, and the cost of funds, if any, that were required to be borrowed by the State to make Repayment Installments.

(g) The State Treasurer may, after considering the circumstances giving rise to the failure of the Municipality to make its Repayment Installments in a timely manner, impose on the Municipality a penalty of not more than five percent (5%) of the amount paid by the State for each instance in which a payment by the State is made.

(h) (i) If the State Treasurer determines that amounts obtained under this section will not reimburse the State in full within one (1) year from the State's payment of the Municipality's scheduled Repayment Installments, the State Treasurer shall, subject to clause (ii) hereof, pursue any legal action, including mandamus, against the Municipality to compel it to take any action required by the Act, including:

(1) To the extent permitted by law provide System Net Revenues or other legally available funds to pay Repayment Installments when due; and

(2) Meet its repayment obligations to the State.

- (ii) In pursuing its rights under paragraph (i) of this subsection (h), the State shall have the same substantive and procedural rights as would a holder of this Loan Agreement.
- (iii) The attorney general shall assist the State Treasurer in these duties.
- (iv) The Municipality shall pay the attorney's fees, expenses and costs of the State Treasurer and the State attorney general.

ARTICLE IV – SECURITY

Section 4.1 Pledge of System Net Revenues. All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make the payments required under this Loan Agreement and the Municipal Bond, are hereby irrevocably pledged to the payment of the Repayment Installments as provided herein and the System Net Revenues and such other funds shall not be used for any other purpose while any of the Repayment Installments remain unpaid; *provided* that (i) any Parity Obligations shall be paid on parity with the Repayment Installments, (ii) out of the System Net Revenues and such other funds there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Parity Debt, shall constitute a first lien on System Net Revenues and, subject to application of amounts on deposit therein as permitted herein, the Income Fund and other funds and accounts created hereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms hereof and of the Trust Agreement.

Section 4.2 Allocation of System Revenues. In order to carry out and effectuate the pledge and lien contained herein, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust hereunder and shall be deposited when and as received in the “Sewer Revenue Fund,” which is the Revenue Fund held by the Municipality, and herein designated as the “Income Fund,” which fund is hereby established and which fund the Municipality agrees and covenants to maintain and to hold separate and apart from other funds so long as any Repayment Installments remain unpaid. To the extent the Municipality has an existing fund which satisfies the foregoing requirements, then such shall be deemed to be the “Income Fund” and the Municipality shall not be required to create a new fund. The Municipality may maintain separate accounts within the Income Fund. The amounts in the Income Fund shall be invested in investments permitted by State law. Moneys in the Income Fund shall be used and applied by the Municipality as provided in this Loan Agreement.

The Municipality shall, from the moneys in the Income Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. Thereafter, all remaining moneys in the Income Fund shall be set aside by the Municipality at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes set forth in this Section.

(a) Repayment Installments. Not later than fifteen (15) days prior to each Repayment Installment Date, the Municipality shall, from the moneys in the Income Fund, transfer to the Trustee the Repayment Installment due and payable on that Repayment Installment Date. The Municipality shall also, from the moneys in the Income Fund, transfer to the applicable trustee, if any, for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Parity Obligation Payments in accordance with the provisions of any Parity Obligation.

(b) Surplus. Moneys on deposit in the Income Fund not necessary to make any of the payments required above, may be expended by the Municipality at any time for any purpose permitted by law, including but not limited to payments with respect to Subordinate Obligations.

Section 4.3 Additional Parity Debt. The Municipality may at any time enter into any Parity Debt; *provided:*

(a) The Municipality shall be in compliance with all agreements, conditions, covenants and terms contained herein, and a Certificate of the Municipality to that effect shall have been filed with the Trustee;

(b) The Parity Debt shall have been duly authorized pursuant to all applicable laws;

(c) The most recent available audit of the Municipality shows that the System Net Revenues for the Fiscal Year immediately preceding the date of the resolution authorizing the Parity Debt shall have been sufficient to pay an amount representing 125% of Maximum Annual Debt Service.

(d) As an alternative to the audit report requirement in 4.3(c), the Municipality may utilize a report of the Consulting Engineer that shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 125% of the Maximum Annual Debt Service. In determining whether Parity Debt may be issued, the Consulting Engineer shall consider any probable increase (but not decrease) in Operation and Maintenance Costs, and there may be added to such System Net Revenues an allowance for net revenues from any improvements to the System to be made with the proceeds of such Parity Debt and also for net revenues from any improvements to the System which have been made from money from any source but which, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 75% of the estimated additional average annual net revenues to be derived from each such improvement for the first 36 month period in which each such improvement is in operation.

Nothing contained in this Section shall limit the issuance of any additional obligations of the Municipality payable from the System Net Revenues and secured by a lien and charge on the System Net Revenues if, after the issuance and delivery of such additional obligations, none of

the Repayment Installments shall be unpaid. Furthermore, nothing contained in this Section shall limit the issuance of any Parity Debt for the purpose of refunding Outstanding Parity Debt or for any Subordinate Obligations.

Section 4.4 Reserve Fund Deposit If the Municipality fails to comply with the requirements as to System rates and charges set forth in Section 5.11 hereof or fails to maintain System Net Revenues, plus any credit from the Rate Stabilization Account in accordance with Section 4.5 and 4.6 hereof, equal to at least 150% of Annual Debt Service in any Fiscal Year and is unable to bring itself into compliance within 60 days after discovery by the Municipality of such failure, it shall immediately notify the Authority and the Trustee and shall establish from funds of the Municipality a Reserve Fund held by the Municipality funded in the amount of 2.5% of the outstanding principal balance of the Loan during the first succeeding Fiscal Year, 5.0% of the outstanding principal balance of the Loan in the second succeeding Fiscal Year, 7.5% of the outstanding principal balance of the Loan in the third succeeding Fiscal Year and 10% of the outstanding principal balance of the Loan in the fourth succeeding Fiscal Year and 10% of the outstanding principal balance of the Loan for each succeeding Fiscal Year thereafter, provided that at no time shall the amount in the Reserve Fund exceed the lesser of 10% of the outstanding principal balance of the Loan, the Maximum Annual Debt Service on the Loan or 125% of the average annual debt service on the Loan (the "Reserve Requirement"). The required percentage amounts shall be fully funded by the Municipality no later than the end of the applicable Fiscal Year. Such Reserve Fund shall be drawn upon if needed to make the Repayment Installments hereunder and may, upon the election of the Municipality with 30 days prior written notice to the Authority, also secure any subsequent Parity Debt if so elected by the Municipality provided that the Reserve Requirement shall cover all Parity Debt and not just the Loan. The Municipality shall notify the Trustee of any drawing on the Reserve Fund within ten (10) days of the date of such drawing. Provided further, in the event that a drawing on the said Reserve Fund in order to make the Repayment Installments by Municipality on the Loan results in a balance in such fund lower than the Reserve Requirement, the Municipality shall replenish said account to the Reserve Requirement from System Net Revenues as soon as possible but not later than one (1) year from the date of such drawing.

Section 4.5 Rate Stabilization Account. The Municipality shall establish and maintain a Rate Stabilization Account. Monies in the Rate Stabilization Account may be transferred as determined from time to time by the Municipality. The Municipality may transfer funds into the Rate Stabilization Account from the Income Fund (Sewer Revenue Fund) or any other legally available source. The Municipality may transfer funds into the Rate Stabilization Account or withdraw funds from the Rate Stabilization Account at any time without limitation subject to the following provisions.

- (a) Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which System Revenues may be used. Amounts withdrawn from the Rate Stabilization Account shall increase System Revenues for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce System Revenues for the period for which they are deposited. Credits from the Rate Stabilization Account may be posted in accordance with governmental accounting practices and procedures. Credits to or from the Rate Stabilization Account may relate to

a prior Fiscal Year consistent with governmental accounting practices and procedures provided that such credits occur within the first quarter following the prior Fiscal Year. Earnings on the Rate Stabilization Account shall be credited to the Income Fund (the Sewer Revenue Fund) and shall be included in the definition of System Revenues for purposes of calculating debt service coverage.

(b) Unless otherwise excluded, funds withdrawn from the Rate Stabilization Account shall be included as System Net Revenues for all rate requirement purposes under Section 5.11 hereof.

Section 4.6. Transfers from Rate Stabilization Account. The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 hereof. The Municipality may transfer funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designate that such transfer shall relate to the immediately preceding Fiscal Year and thereafter will satisfy the following rate covenant. The Municipality covenants for the benefit of the Authority and its bondholders that going forward it will, as needed, charge rates and fees in connection with operation of the System which, when combined with other System Revenues, are adequate to generate System Net Revenues (exclusive of transfers from the Rate Stabilization Account) in the current Fiscal Year at least equal to 1.25 times the Annual Bond Debt Service due in that Fiscal Year. If the System Net Revenues fail to meet this level, the Municipality will promptly increase its rates and fees or reduce expenses to a level so that System Net Revenues (exclusive of transfers from the Rate Stabilization Account) are projected to meet the required level. The Municipality will demonstrate its compliance with the provisions of this Section 4.6 by providing an officer's certificate to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit stating that the Municipality is not out of compliance with Section 5.11. This officer's certificate will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant. For the avoidance of doubt, unless the Trustee receives a written notification from the Municipality pursuant to Section 5.11(c) hereof, the Trustee shall not be deemed to have knowledge of any default under this Section 4.6 or Section 5.11 hereof.

ARTICLE V - SPECIAL COVENANTS AND AGREEMENTS

Section 5.1 Punctual Payment. The Municipality will punctually pay all Repayment Installments in strict conformity with the terms hereof and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms hereof.

Section 5.2 Legal Existence. The Municipality will use all means legally available to maintain its existence.

Section 5.3 Against Encumbrances. The Municipality will not mortgage or otherwise encumber, pledge or place any charge upon any of the System Net Revenues except as provided herein, and will not issue any obligations secured by System Net Revenues senior to the Parity Debt; *provided*, that the Municipality may at any time issue any Subordinate Obligations.

Section 5.4 Against Sale or Other Disposition of the System. The Municipality will not sell or otherwise dispose of the System or any part thereof essential to the proper operation of the System or to the maintenance of the System Net Revenues, unless the Repayment Installments have been fully paid or provision has been made therefor in accordance with Article VIII hereof. The Municipality will not enter into any lease or agreement which impairs the operation of the System or any part thereof necessary to secure adequate System Net Revenues for the payment of the Repayment Installments, or which would otherwise impair the rights of the Owners with respect to the System Net Revenues or the operation of the System.

Section 5.5 Maintenance and Operation of System. The Municipality agrees that as long as it owns the System it will (i) maintain, or cause to be maintained, the System in as reasonably safe condition as its operations shall permit and (ii) maintain, or cause to be maintained, the System in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 5.6 Right of Access to the System. The Municipality agrees that during the term of this Loan Agreement, the Authority, the Trustee and the duly authorized agents of either of them shall have the right at all reasonable times during normal business hours to enter upon the site of the System to examine and inspect such System; provided, however, that this right is subject to federal and State of Idaho laws and regulations applicable to such site. The rights of access hereby reserved to the Authority and the Trustee may be exercised only after such agent shall have executed release of liability (which release shall not limit any of the Municipality's obligations hereunder) and secrecy agreements if requested by the Municipality in the form then currently used by the Municipality, and if the Trustee is the signatory, as agreed to by the Trustee, and nothing contained in this Section or in any other provision of this Loan Agreement shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Section 5.7 Taxable Status of Bonds. It is the intention of the parties hereto that interest on the Bonds, shall be and remain included in gross income for federal income tax purposes.

Section 5.8 Notices to Trustee and Authority. The Municipality hereby agrees to provide the Trustee and the Authority with notice of any event of which it has knowledge which, with the passage of time or the giving of notice, would be an Event of Default, such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default.

Section 5.9 Reporting. The Municipality hereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) below.

(a) Provision of Annual Surveillance Responses.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter commencing with the annual surveillance letter ("Annual Surveillance Letter") for the 2021 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to an annual surveillance letter

regarding the status of the Municipality's financial condition and obligations under this Loan Agreement (the "Annual Surveillance Response"). The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as is prescribed by the Authority, and may include by reference other information as provided in this Loan Agreement. If the Municipality's fiscal year changes, it shall give notice of such change to the Authority.

(ii) Failure to provide the Annual Surveillance Response to the Authority by the date set forth in the Annual Surveillance Letter may subject the Municipality to late fees in the amount as listed on Exhibit D and payment of any expenses of the Trustee or the Authority in enforcing this provision. If the Municipality has prior loans with the Authority, then those loans shall be subject to the same penalty provisions.

(iii) Authority may request any financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statements to the Authority within 15 days of receipt of the written request.

(b) Reporting of Significant Events. Pursuant to the provisions of this Section 5, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following events (the "Listed Events") with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;

- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;¹
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(c) These provisions shall terminate upon the legal defeasance or discharge of this Loan Agreement in accordance with Section 8.1. If such termination occurs prior to the final maturity of the Municipal Bonds, the Municipality shall give notice of such termination in the same manner as for a Listed Event under Section 5.9(b).

(d) Additional Information. Nothing in this Section 5.9 shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this Section 5.9 or any other means of communication, or including any other information in any Annual Surveillance Response or notice of occurrence of a Listed Event, in addition to that which is required by this Section 5.9. If the Municipality chooses to include any information in any Annual Surveillance Response or notice of occurrence of a Listed Event in addition to that which is specifically required by this Section 5.9, the Municipality shall have no obligation under

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

this Section 5.9 to update such information or include it in any future Annual Surveillance Response or notice of occurrence of a Listed Event.

(e) Notices. Any notices or communications to or among any of the parties to this Section 5.9 may be given at their addresses as set forth in the Trust Agreement and this Loan Agreement.

(f) If as a result of a change in circumstances, the Municipality becomes an “obligated person” as defined in the Continuing Disclosure Policy Concerning Municipal Securities adopted by the Authority, the Municipality agrees to amend this Agreement to provide for a continuing disclosure undertaking.

(g) The entering into Section 5.9 of this Loan Agreement shall not in any way waive or limit the responsibilities of the Municipality with respect to any reporting or disclosure provisions of any prior loan agreements entered into between the Authority and the Municipality including without limitation the filing of continuing disclosure reports with the Municipal Securities Rulemaking Board.

(h) Beneficiaries. This Section 5.9 shall inure solely to the benefit of the Municipality and the Authority and shall create no rights in any other person or entity.

Section 5.10 Eminent Domain Proceeds. If all or any part of the System shall be taken by eminent domain proceedings, the Net Proceeds realized by the Municipality therefrom shall be deposited by the Municipality with the Trustee in a special fund which the Trustee shall establish as needed in trust and applied by the Municipality to the cost of acquiring and constructing additions, betterments, extensions or improvements to the System if (A) the Municipality first secures and files with the Trustee a Certificate of the Municipality showing (i) the loss in annual System Revenues, if any, suffered, or to be suffered, by the Municipality by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the System then proposed to be acquired and constructed by the Municipality from such proceeds, and (iii) an estimate of the additional System Revenues to be derived from such additions, betterments, extensions or improvements; and (B) the Trustee has been furnished a Certificate of the Municipality, certifying that such additional System Revenues will sufficiently offset on a timely basis the loss of System Revenues resulting from such eminent domain proceedings so that the ability of the Municipality to pay Repayment Installments when due will not be substantially impaired, and such Certificate of the Municipality shall be final and conclusive, and any balance of such Net Proceeds not required by the Municipality for such purpose shall be deposited in the Income Fund and applied as provided in Section 4.2 hereof, *provided*, that if the foregoing conditions are not met, then such Net Proceeds shall be deposited with the Trustee and applied to make Repayment Installments as they come due and Parity Obligation Payments as they shall become due; *provided further* that the foregoing procedures for the application of Net Proceeds shall be subject to any similar provisions for Parity Debt on a pro rata basis.

If such eminent domain proceedings have had no effect, or at most an immaterial effect, upon the System Revenues and the security of the Repayment Installments, and a Certificate of

the Municipality to such effect has been filed with the Trustee, then the Municipality shall forthwith deposit such Net Proceeds in the Income Fund, to be applied as provided in Section 4.2 hereof.

Section 5.11 Amounts of Rates, Fees and Charges.

(a) The Municipality will, at all times while any of the Repayment Installments remain unpaid, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year so as to yield System Revenues at least sufficient, after making reasonable allowances for contingencies and errors in the estimates, to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs.

(ii) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.

(iii) All payments required for compliance with the terms hereof.

(iv) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

(b) In addition to the requirements of the foregoing subsection (a) of this Section, the Municipality will, at all times while any Repayment Installments remain unpaid, to the maximum extent permitted by law, fix, prescribe and collect rates, fees and charges and manage the operation of the System for each Fiscal Year, plus any credits from the Rate Stabilization Account in accordance with Sections 4.5 and 4.6 hereof, so as to yield System Net Revenues during such Fiscal Year equal to at least 125% of the Annual Debt Service in such Fiscal Year. If the Municipality is unable to meet this requirement, it will retain a Consulting Engineer to provide recommendations or adjustments to rates or modifications to operations to produce the necessary amount of System Net Revenues specified above in this Section 5.11(b) of this Loan Agreement.

(c) If Municipality shall fail to comply with Section 5.11(a) or (b) above and is unable to bring itself into compliance within sixty (60) days thereafter, it shall immediately notify the Authority and the Trustee.

The Municipality may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the System Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section.

Section 5.12 Enforcement of and Performance Under Contracts. The Municipality shall enforce all material provisions of any contracts to which it is a party, an assignee, successor in interest to a party or third-party beneficiary, in any case where such contracts provide for

material payments or services to be rendered to the System. Further, the Municipality will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it, contained in all contracts affecting or involving the System, to the extent that the Municipality is a party thereto.

Section 5.13 Collection of Charges, Fees and Rates. The Municipality will have in effect at all times rules and regulations requiring each user of the System to pay the applicable charges, fees and rates and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the Municipality will enforce the collection procedures contained in such rules and regulations.

Section 5.14 No Free Service. The Municipality will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, charitable organization, or by any public agency (including the State of Idaho and any municipality, county, public agency, political subdivision, public corporation or agency or any thereof), unless otherwise required by law or existing written agreements.

Section 5.15 Payment of Claims. The Municipality will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the System or upon the System Net Revenues or any part thereof, or upon any funds held by the Trustee, or which might impair the security of the Repayment Installments; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such claims and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.16 Books of Record and Accounts; Financial Statements. The Municipality will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System and the Income Fund, and upon request, *which* the Trustee has no duty to so request, will provide information concerning such books of record and accounts to the Trustee.

The Municipality will prepare annually, not later than one hundred eighty (180) days after the close of each Fiscal Year, so long as any Repayment Installments remain unpaid, an audited financial statement of the Municipality relating to the Income Fund and all other accounts or funds established pursuant hereto for the preceding Fiscal Year prepared by an Independent Certified Public Accountant, showing the balances in each such account or fund as of the beginning of such Fiscal Year and all deposits in and withdrawals from each such account or fund during such Fiscal Year and the balances in each such account or fund as of the end of such Fiscal Year, which audited financial statement shall include a statement as to the manner and extent to which the Municipality has complied with the provisions hereof. Failure to furnish said audited financial statements within said time may subject the Municipality to late charges by the Authority. The Municipality will furnish a copy of such audited financial statement to the Trustee upon request, and will furnish such reasonable number of copies thereof to investment bankers, security dealers and others interested in the Bonds.

Section 5.17 Payment of Taxes and Other Charges and Compliance With Governmental Regulations. The Municipality will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the System or any properties owned by the Municipality, or upon the System Revenues, when the same shall become due; *provided*, that nothing herein contained shall require the Municipality to make any such payments so long as the Municipality in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges and such nonpayment will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

The Municipality will duly comply with all applicable State, federal and local statutes and all valid regulations and requirements of any governmental authority relative to the operation of the System or any part thereof, but the Municipality shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith and such noncompliance will not materially adversely affect the Municipality's ability to perform its obligations hereunder.

Section 5.18 Maintenance of Insurance. The Municipality agrees to maintain fire and extended coverage insurance on the System in such minimum amounts as are reasonable and prevalent for similar municipalities and systems in the State of Idaho and worker's compensation coverage on all full-time employees working on, in, near or about the System in accordance with applicable State laws. The Municipality may self-insure against such risks. The Municipality shall provide evidence of such insurance to the Authority or the Trustee, respectively, upon written request of either the Authority or the Trustee which the Trustee has no duty to so request.

Section 5.19 Delivery of Closing Documents. The Municipality agrees to execute and deliver on the Closing Date the certificates attached hereto as Exhibit C.

Section 5.20 Authority Fees. The Municipality is paying to the Authority an Application Fee of \$500.00 which may be credited against the Authority Fee. The Municipality shall pay to the Authority the Authority Fee at the closing of the Loan and Annual Expense Charges each year.

ARTICLE VI - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default pursuant to this Loan Agreement:

(a) failure by the Municipality to transmit to the Trustee any Repayment Installment by the 15th day prior to the respective Repayment Installment Date; or

(b) failure of the Municipality to observe and perform any covenant, condition or agreement on its part required to be observed or performed by this Loan Agreement, other than making the payments referred to in (a) above, which continues for a period of sixty (60) days after written notice, which notice shall specify such failure and request that it be remedied, given to the Municipality by the Authority or the Trustee, unless the Authority and the Trustee (at the direction of the Authority) shall agree in writing to an extension of such time; provided, however, that if the failure stated in the notice cannot

be corrected within such period, the Authority and the Trustee (at the direction of the Authority) will not unreasonably withhold their consent to an extension of such time if corrective action is instituted within such period and diligently pursued until the default is corrected.

The provisions of subsection (b) of this Section are subject to the limitation that the Municipality shall not be deemed in default if and so long as the Municipality is unable to carry out its agreements hereunder by reason of strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of the State of Idaho or any of their departments, agencies, or officials, or any civil or military authority; insurrections, riots, epidemics, landslides; lightning; earthquake; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Municipality; it being agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Municipality, and the Municipality shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Municipality, unfavorable to the Municipality. This limitation shall not apply to any default under subsection (a) of this Section.

Section 6.2 Remedies On Default. Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued with respect to the Trustee, subject to its rights and protections under the Trust Agreement:

- (a) The Trustee shall have access to and the right to inspect, examine and make copies of the books and records and any and all accounts and data of the Municipality.
- (b) The Authority or the Trustee may take whatever action at law or in equity as may be necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Municipality under this Loan Agreement including without limitation taking the actions under Section 3.6 hereof.

In case the Trustee or the Authority shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then, and in every such case, the Municipality, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Municipality, the Trustee and the Authority shall continue as though no such action had been taken (provided, however, that any settlement of such proceedings duly entered into by the Authority, the Trustee or the Municipality shall not be disturbed by reason of this provision).

In case the Municipality shall fail forthwith to pay amounts due by reason of this Section 6.2 upon demand of the Trustee, the Trustee shall be entitled and empowered to institute any action or proceeding at law or in equity for the collection of the sums so due and unpaid, and

may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Municipality and collect in the manner provided by law the moneys adjudged or decreed to be payable.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Municipality under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Municipality or in the case of any other similar judicial proceedings relative to the Municipality, or the creditors or property of the Municipality, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Loan Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Municipality, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Trust Agreement after the deduction of its charges and expenses. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for compensation and expenses, including expenses and fees of counsel incurred by it up to the date of such distribution.

Section 6.3 Agreement to Pay Attorneys' Fees and Expenses. In the event the Municipality should default under any of the provisions of this Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under this Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality herein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Authority or the Trustee.

Section 6.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Authority hereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed third party beneficiaries of all covenants and agreements herein contained.

Section 6.5 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Municipality and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 6.6 No Cross Default. The Municipality shall not be liable for the failure of any other municipality to make payments with respect to the Bonds. The occurrence of any Event of Default of any other municipality under such municipality's loan agreement shall not constitute an Event of Default of the Municipality under this Loan Agreement.

ARTICLE VII - PREPAYMENT

Section 7.1 Redemption of Bonds with Prepayment Moneys. By virtue of the assignment of certain of the rights of the Authority under this Loan Agreement to the Trustee as is provided in Section 3.4 hereof, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under this Article VII. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in this Article on the date specified for such redemption. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

Section 7.2 Option to Prepay Installments. The Repayment Installments specified in Schedule 1 attached hereto are subject to prepayment at the option of the Municipality on the dates and in the amounts as set forth in Schedule 1 which shall be consistent with the terms for redemption of the Authority's Bonds.

Section 7.3 Amount of Prepayment. In the case of a prepayment, of the entire amount due hereunder pursuant to Section 7.2 hereof, the amount to be paid shall be a sum sufficient, together with other funds and (as such sufficiency is evidenced by a verification report of an Independent Certified Public Accountant) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due. In any event, any prepayment of Repayment Installments shall include sufficient funds to pay all principal, accrued interest, premium, if any, and other costs related to the redemption of the Authority's Bonds to be redeemed as a result of such prepayment.

Section 7.4 Notice of Prepayment. The Municipality shall give sixty days' prior written notice to the Authority and the Trustee specifying the date upon which any prepayment pursuant to this Article VII will be made. The Authority and the Trustee, at the request of the Municipality, shall forthwith take all steps necessary under the applicable provisions of the Trust Agreement (except that the Authority shall not be required to make payment of any money required for such redemption) to effect redemption of the part of the then outstanding Bonds related to this Loan Agreement, as the case may be, on the earliest practicable date thereafter, on or after the proposed prepayment date, on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in this Loan Agreement, each notice contemplated in this Section 7.4 that is given with respect to an optional prepayment pursuant to Section 7.2 hereof may state that it is subject to and conditional upon receipt by the Trustee on or prior to the proposed prepayment date of amounts sufficient to effect such prepayment and, if a notice so states, such notice shall be of no force and effect and the prepayment need not be

made and the Repayment Installments will not become due and payable on the proposed prepayment date unless such amounts are so received on or prior to the proposed prepayment date.

ARTICLE VIII - DISCHARGE OF OBLIGATIONS

Section 8.1 Discharge and Defeasance of Obligations.

(a) The Repayment Installments shall be discharged to the extent the Bonds are discharged under the Trust Agreement. The principal components of the Repayment Installments to be discharged shall correspond in amount and maturity date to the Bonds related to this Loan Agreement.

(b) If the Municipality shall pay or cause to be paid or there shall otherwise be paid in full to the Trustee all of the Repayment Installments at the times and in the manner stipulated herein, and the Municipality shall pay in full all other amounts due hereunder, then all agreements, covenants and other obligations of the Municipality hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled), the Trustee shall execute and deliver to the Municipality all such instruments as may be necessary or desirable and prepared by or on behalf of the Municipality to evidence such discharge and satisfaction.

(c) Any Repayment Installments shall prior to the Repayment Installment Date or prepayment date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (b) of this Section if (1) in case any of such Repayment Installments are to be prepaid and related Authority bonds are to be defeased and redeemed, there shall have been given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with this Trust Agreement or an acceptable escrow agreement to the same effect shall have been entered into for the related Authority Bonds, (2) there shall have been deposited with the Trustee or other escrow agent acceptable to the Authority (A) money in an amount which shall be sufficient and/or (B) Government Securities, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments and the related Authority Bonds on and prior to the Repayment Installment Dates or prepayment date thereof, as the case may be, and the prepayment premiums, if any, on such Repayment Installments and related Authority Bonds, and (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Tax-Exempt Bonds hereunder, provided that this Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

**ARTICLE IX - NON-LIABILITY OF AUTHORITY;
EXPENSES; INDEMNIFICATION**

Section 9.1 Non-Liability of Authority. The Authority shall not be obligated to pay the principal of, or premium, if any, or interest on the Bonds, or to discharge any other financial liability (including but not limited to financial liability under Section 5.7 hereof) in connection herewith, except from, and to the extent of, payments made by the Municipality under this Loan Agreement, or through the State intercept provided under Section 3.6 of this Loan Agreement and Section 67-8727, Idaho Code, as amended. The Municipality hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Municipality pursuant to this Loan Agreement (excluding payments to the Authority or the Trustee pursuant to Section 5.7 and 9.3 of this Loan Agreement) and payments from other participating Municipalities and the State intercept provided under Section 67-8727, Idaho Code, as amended.

Section 9.2 Liability of Municipality Limited to System Revenues and Other Funds. The Municipality shall not be required to advance any moneys derived from any source of income other than the System Revenues, the Income Fund and the other funds provided herein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained herein. The Municipality may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the Municipality for such purpose.

The obligation of the Municipality to make the Repayment Installments is a special obligation of the Municipality payable solely from the System Net Revenues and the other legally available funds provided for herein (except as provided in Section 3.6 or elsewhere herein), and does not constitute a debt of the Municipality or of the State of Idaho or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 9.3 Indemnification. The Municipality releases the Authority and the Trustee from, and covenants and agrees that neither the Authority nor the Trustee shall be liable for, and covenants and agrees, to the extent permitted by law, to indemnify, defend and hold harmless the Authority and the Trustee and their officers, directors, elected officials, employees and agents from and against, any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the financing or refinancing of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices. All notices, certificates or other communications shall be deemed sufficiently given on the second day following the day on which the same have been mailed by first class mail, postage prepaid, addressed to the Authority, the Municipality or the Trustee, as the case may be. Notices for the Municipality shall be sent to the address specified in Schedule 1

attached hereto. Notices for the Authority and the Trustee shall be sent to the addresses set forth in the Trust Agreement. A duplicate copy of each notice, certificate or other communication given hereunder by either the Authority or the Municipality to the other shall also be given to the Trustee. The Authority, the Municipality and the Trustee may, by notice given hereunder, designate any different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall in fact be, illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.4 Amendments, Changes and Modifications. Subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Trust Agreement, this Loan Agreement may be amended, changed or modified as set forth in Article X of the Trust Agreement.

Section 10.5 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Idaho.

Section 10.6 Authorized Municipality Representative. Whenever under the provisions of this Loan Agreement the approval of the Municipality is required or the Authority or the Trustee is required to take some action at the request of the Municipality, such approval or such request shall be given on behalf of the Municipality by an Authorized Municipality Representative, and the Authority and the Trustee shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee as a result of any such action taken.

Section 10.7 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Municipal Bond is outstanding; provided, however, that the rights of the Trustee and the Authority under Section 9.3 hereof shall survive the termination of this Loan Agreement, the retirement of the Bonds and the removal or resignation of the Trustee. All representations and certifications by the Municipality as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.8 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Municipality, the Trustee and their respective successors and assigns.

Section 10.9. Electronic Signatures. The parties agree that the electronic signature of a party to this Loan Agreement, including all acknowledgements, authorizations, directions, waivers and

consents thereto (or any amendment or supplement thereto) shall be as valid as an original signature of such party and shall be effective to bind such party to this Loan Agreement. The parties agree that any electronically signed document (including this Loan Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the Internet as a pdf (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature. Paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

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IN WITNESS WHEREOF, the City of St. Anthony, Idaho has caused this Loan Agreement to be executed in its name and its seal to be hereunto affixed by its duly authorized officers, and the Idaho Bond Bank Authority has caused this Loan Agreement to be executed in its name and attested by its duly authorized officers, all as of the date first above written.

CITY OF ST. ANTHONY, IDAHO

By _____
Mayor

[SEAL]

Attest:

City Clerk

IDAHO BOND BANK AUTHORITY

By _____
Executive Director

SCHEDULE 1: CITY OF ST. ANTHONY

Prior Bonds Date:	December 20, 2012
Prior Bonds Original Par Amount:	Sewer Revenue Refunding Bond, Series 2012 \$3,295,000.
Municipal Bond Purchase Price:	Par amount of \$1,585,000.00 plus a premium of \$213,673.50 less Underwriter Discount of \$4,811.43, for a net purchase price of \$1,793,862.07.
Repayment Amount:	\$1,585,000.00 plus interest.
Prepayment Provisions:	The Repayment Installments coming due on and after September 15, 2032, are subject to prepayment, at the written direction of the Municipality and with the consent of the Authority, from any moneys deposited with the Trustee, as a whole or in part on any date on or after September 15, 2031, among such payment dates as designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of prepayment. The Bonds are subject to redemption prior to the optional redemption date described above, at the written direction of the Municipality and with the consent of the Authority, as a whole or in part on any date with the maturities and interest rates to be selected by the Authority, at the Make-Whole Redemption Price (as defined in the Thirty-First Supplemental Trust Agreement).
Municipality address:	420 N. Bridge St., St. Anthony, Idaho 83445
Disbursement of Loan:	<ol style="list-style-type: none"> 1. \$1,780,439.21 (which includes \$17,673.65 of contributions from the existing Debt Service Fund) to the Series 2021B Escrow Fund under the Escrow Agreement dated as of June 1, 2021 between the Authority and the Trustee as Escrow Agent to refund the Prior Bonds and related prior Authority Bonds. 2. \$29,589.94 to the Series 2021B Cost of Issuance Account held by the Trustee under the Trust Agreement to pay various costs of issuance, including \$1,103.64 of contingency. 3. \$1,506.57 representing the Authority Fee shall be deposited to, and paid to the Authority from, the Series 2021B Cost of Issuance Account.
Reserve Fund:	The Municipality qualifies for a debt service reserve fund waiver as a result of debt service coverage in excess of 1.5x or 150% unless subsequently required by Section 4.4 after closing.

EXHIBIT A

Description of the Project

The Project consists of the issuance of the Municipality's Sewer Revenue Refunding Bond, Series 2021, in the principal amount of \$1,585,000.00, for the purpose of refunding the Municipality's outstanding Prior Bonds which originally financed and/or refinanced all or a portion of the costs of design and construction of various improvements for the sewer system of the City of St. Anthony, Idaho.

EXHIBIT B

Repayment Installments and Repayment Installment Dates

Payment Date	Principal	Coupon	Interest	Debt Service
06/29/2021				
09/15/2021			\$14,132.83	\$14,132.83
03/15/2022			33,472.50	33,472.50
09/15/2022			33,472.50	33,472.50
03/15/2023			33,472.50	33,472.50
09/15/2023	\$200,000	5.000%	33,472.50	233,472.50
03/15/2024			28,472.50	28,472.50
09/15/2024	210,000	5.000%	28,472.50	238,472.50
03/15/2025			23,222.50	23,222.50
09/15/2025	220,000	5.000%	23,222.50	243,222.50
03/15/2026			17,722.50	17,722.50
09/15/2026	145,000	5.000%	17,722.50	162,722.50
03/15/2027			14,097.50	14,097.50
09/15/2027	65,000	5.000%	14,097.50	79,097.50
03/15/2028			12,472.50	12,472.50
09/15/2028	70,000	5.000%	12,472.50	82,472.50
03/15/2029			10,722.50	10,722.50
09/15/2029	75,000	5.000%	10,722.50	85,722.50
03/15/2030			8,847.50	8,847.50
09/15/2030	80,000	5.000%	8,847.50	88,847.50
03/15/2031			6,847.50	6,847.50
09/15/2031	85,000	5.000%	6,847.50	91,847.50
03/15/2032			4,722.50	4,722.50
09/15/2032	85,000	1.970%	4,722.50	89,722.50
03/15/2033			3,885.25	3,885.25
09/15/2033	90,000	2.080%	3,885.25	93,885.25
03/15/2034			2,949.25	2,949.25
09/15/2034	95,000	2.170%	2,949.25	97,949.25
03/15/2035			1,918.50	1,918.50
09/15/2035	90,000	2.280%	1,918.50	91,918.50
03/15/2036			892.50	892.50
09/15/2036	75,000	2.380%	892.50	75,892.50

*Payments must be transmitted to the Trustee 15 days prior to the payment dates listed.

EXHIBIT C

Municipality Closing Documents

- a. Ordinance No. 2021-05 adopted May 27, 2021, authorizing the Municipal Bond, and delegating authority to approve and execute the Loan Agreement.
- b. Certificate as to Pricing and Related Matters dated June 29, 2021.
- c. Loan Agreement, dated as of June 1, 2021 between the Municipality and the Authority.
- d. Bond of the Municipality.
- e. Loan Application.
- f. Opinion of Bond Counsel.
- g. Supplemental Opinion of Bond Counsel.
- h. Defeasance Opinion.
- i. General Certificate.
- j. No Litigation and Signature Identification Certificate.
- k. Purchaser's Receipt for Bond.
- l. Receipt for Proceeds of Bond and Certificate and Request.
- m. Certificate of Investigation.
- n. Disclosure Certificate.

EXHIBIT D

**Fees charged by Authority for failure to comply with
Reporting Requirements**

Continuing Disclosure Late Fee Scale

Initial Fee:

Due three months after filing deadline: Lesser of \$7,500 or 0.50% of issued amount

Additional Fees:

Due every 3 months after the Initial Fee due date: Lesser of \$500 or 0.20% of issued amount

This scale will pertain to every outstanding borrowing of the Municipality from the Idaho Bond Bank Authority.

Appendix F

Summary of Participant Loans and Select Information

Participant		Bond Bank Series	Original Loan Amounts	Outstanding Loan Amounts	% of Total Outstanding	Final Maturity (Fiscal Year)	FY 2022 Payments	% Total FY 2022 Loan Payments	Security Pledge		
Parma		2004 - Parma	\$ 510,000	\$ 60,000	0.02%	2023	\$ 41,700	0.16%	Sewer System Revenue, Sales Tax Intercept		
Teton County		2007A - Teton County	3,000,000	0	0.00%	2028	\$ -	0.00%	Solid Waste System Revenue, Sales Tax Intercept		as of 7/1/2021
Jerome		2008A - Jerome	4,325,000	0	0.00%	2019	\$ -	0.00%	Water System Revenue, Sales Tax Intercept		
Driggs		2008D - Driggs	320,000	30,000	0.01%	2022	\$ 30,758	0.12%	Assessment Payments, Guarantee Fund		
Benewah County		2009C - Benewah County	1,670,000	550,000	0.23%	2025	\$ 149,400	0.57%	Solid Waste System Revenue, Sales Tax Intercept		
Benewah County		2010B - Benewah County	28,490,000	0	0.00%	2041	\$ -	0.00%	Ad Valorem Property Taxes, Hospital Revenues, Sales Tax Intercept		
Rexburg		2010C - Rexburg	10,000,000	0	0.00%	2026	\$ -	0.00%	Wastewater System Net Revenues, Sales Tax Intercept		
Twin Falls		2010A - Twin Falls	18,595,000	7,680,000	3.17%	2026	\$ 1,626,477	6.19%	Water System Revenue, Sales Tax Intercept		
Garden City		2011A - Garden City	1,510,000	175,000	0.07%	2022	\$ 178,500	0.68%	Water & Sewer Revenues, Reserve Fund, Sales Tax Intercept		
Lemhi County		2011A - Lemhi County	8,215,000	555,000	0.23%	2028	\$ 566,100	2.16%	Ad Valorem Property Taxes, Sales Tax Intercept		
St. Maries Fire District		2012A - St. Maries Fire District	400,000	195,000	0.08%	2028	\$ 32,388	0.12%	Ad Valorem Property Taxes		
Whitepine 'School District		2012A - Whitepine 'School District	1,385,000	285,000	0.12%	2023	\$ 144,663	0.55%	Mil levy, Sales Tax Intercept		
Cabinet Mountain Water		2012A - Cabinet Mountain Water District	2,095,000	1,055,000	0.44%	2028	\$ 174,825	0.67%	Water System Revenues, Reserve Fund		
Mountain Home		2012A - Mountain Home	1,695,000	1,195,000	0.49%	2032	\$ 132,225	0.50%	Judicially confirmed payments from the General Fund, Sales Tax Intercept		
Grangeville		2012A - Grangeville	3,060,000	135,000	0.06%	2034	\$ 136,350	0.52%	Water System Revenues, Reserve Fund, Sales Tax Intercept		
Caribou County		2012A - Caribou County	3,225,000	125,000	0.05%	2035	\$ 126,250	0.48%	Judicially confirmed payments from the General Fund, Sales Tax Intercept		
Salmon		2012B - Salmon	565,000	65,000	0.03%	2022	\$ 66,625	0.25%	Water System Revenues, Reserve Fund, Sales Tax Intercept		

Burley		2012B - Burley	2,645,000	895,000	0.37%	2024	\$ 322,625	1.23%	Ad Valorem Property Taxes, Sales Tax Intercept		
Mountain Home		2012B - Mountain Home	1,915,000	975,000	0.40%	2028	\$ 177,525	0.68%	Water System Revenues, Reserve Fund, Sales Tax Intercept		
Jefferson County		2012B - Jefferson County	6,065,000	4,065,000	1.68%	2032	\$ 461,400	1.76%	Judicially confirmed payments from the General Fund, Sales Tax Intercept		
Emmett		2012B - Emmett	10,435,000	520,000	0.21%	2039	\$ 274,625	1.05%	Water & Sewer Revenues, Reserve Fund, Sales Tax Intercept		
Twin Falls		2012C - Twin Falls	11,600,000	695,000	0.29%	2028	\$ 366,250	1.39%	Wastewater System Net Revenues, Sales Tax Intercept		
Twin Falls		2012C - Twin Falls	11,600,000	4,945,000	2.04%	2028	\$ 1,108,944	4.22%	Wastewater System Net Revenues, Sales Tax Intercept		
Council		2012D - Council	205,000	85,000	0.04%	2025	\$ 23,250	0.09%	Sewer System Revenue, Sales Tax Intercept		
Buhl		2012D - Buhl	925,000	205,000	0.08%	2023	\$ 105,150	0.40%	Water System Revenues, Reserve Fund, Sales Tax Intercept		
Hailey		2012D - Hailey	1,660,000	260,000	0.11%	2029	\$ 265,200	1.01%	Water System Revenues, Sales Tax Intercept		
St. Anthony	(1)	2012D - St. Anthony	3,295,000	95,000	0.04%	2038	\$ 47,400	0.18%	Water System Revenue, Sales Tax Intercept		
Rupert	(1)	2012D - Rupert	1,225,000	110,000	0.05%	2033	\$ 57,750	0.22%	Water System Revenues, Reserve Fund, Sales Tax Intercept		
Hailey		2012D - Hailey	1,660,000	985,000	0.41%	2029	\$ 148,900	0.57%	Water System Revenues, Sales Tax Intercept		
Burley		2012D - Burley	16,380,000	215,000	0.09%	2030	\$ 110,400	0.42%	Water System Revenues, Reserve Fund, Sales Tax Intercept		
Nampa		2012D - Nampa	3,250,000	2,005,000	0.83%	2031	\$ 263,900	1.00%	Water System Revenues, Sales Tax Intercept		
St. Anthony	(1)	2012D - St. Anthony	3,295,000	385,000	0.16%	2038	\$ 199,650	0.76%	Sewer System Revenue, Sales Tax Intercept		
Pocatello		2012D - Pocatello	13,730,000	5,295,000	2.19%	2027	\$ 1,456,000	5.54%	Sewer System Revenue, Sales Tax Intercept		
Coeur d'Alene		2012D - Coeur d'Alene	10,435,000	5,855,000	2.42%	2028	\$ 990,400	3.77%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept		
Rupert	(1)	2012D - Rupert	1,225,000	860,000	0.36%	2033	\$ 441,600	1.68%	Water System Revenues, Reserve Fund, Sales Tax Intercept		
Burley	(1)	2012D - Burley	16,380,000	1,590,000	0.66%	2033	\$ 819,900	3.12%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept		
South Fork Sewer District		2013A - South Fork Sewer District	2,330,000	540,000	0.22%	2022	\$ 277,225	1.06%	Sewer System Revenue		

Emmett		2013A - Emmett	1,000,000	0	0.00%	2043	\$ -	0.00%	Water & Sewer Revenues, Reserve Fund, Sales Tax Intercept		
Eagle		2013B - Eagle	985,000	525,000	0.22%	2026	\$ 99,375	0.38%	Ad Valorem Property Taxes, Sales Tax Intercept		
Glenns Ferry		2013B - Glenns Ferry	1,180,000	890,000	0.37%	2034	\$ 89,463	0.34%	Water System Revenues, Reserve Fund, Sales Tax Intercept		
Jerome County		2013B - Jerome County	10,700,000	1,015,000	0.42%	2038	\$ 362,750	1.38%	Ad Valorem Property Taxes, Sales Tax Intercept		
Jerome	(1)	2014A - Jerome	13,600,000	345,000	0.14%	2038	\$ 124,500	0.47%	Sewer System Revenue, Reserve Fund		
Twin Falls		2014A - Twin Falls	38,000,000	30,295,000	12.52%	2033	\$ 2,321,588	8.84%	Wastewater System Net Revenues, Sales Tax Intercept		
Lost Rivers Hospital District	(1)	2014B - Lost Rivers Hospital District (Tax-	3,325,000	0	0.00%	2035	\$ -	0.00%	Ad Valorem Property Taxes, Sales Tax Intercept, Reserve Fund		
Lost Rivers Hospital District	(1)	2014B - Lost Rivers Hospital District	2,220,000	780,000	0.32%	2035	\$ 275,575	1.05%	Ad Valorem Property Taxes, Sales Tax Intercept, Reserve Fund		
Ketchum		2014C - Ketchum	1,950,000	1,120,000	0.46%	2025	\$ 255,875	0.97%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept		
Jerome	(1)	2014C - Jerome	5,130,000	2,095,000	0.87%	2026	\$ 577,625	2.20%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept		
Hailey		2014C - Hailey	6,335,000	5,910,000	2.44%	2035	\$ 293,675	1.12%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept		
Pocatello		2015A - Pocatello	22,315,000	18,235,000	7.53%	2035	\$ 1,499,538	5.71%	Sewer System Revenue, Sales Tax Intercept		
Ketchum		2015B - Ketchum	2,310,000	2,200,000	0.91%	2034	\$ 138,125	0.53%	Water System Revenue, Reserve Fund		
Buhl		2015B - Buhl	12,025,000	5,775,000	2.39%	2038	\$ 490,000	1.87%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept		
Buhl		2015B - Buhl	12,025,000	11,140,000	4.60%	2038	\$ 945,438	3.60%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept		
Bonnars Ferry		2017A - Bonners Ferry	495,000	260,000	0.11%	2025	\$ 71,500	0.27%	Electric System Revenues, Sales Tax Intercept		
Malad		2017A - Malad	1,535,000	1,230,000	0.51%	2033	\$ 128,625	0.49%	Sewer System Revenue, Sales Tax Intercept		
Weiser		2017A - Weiser	1,520,000	1,275,000	0.53%	2034	\$ 130,225	0.50%	Water System Revenue, Sales Tax Intercept		
Jerome		2017A - Jerome	2,265,000	1,785,000	0.74%	2028	\$ 333,000	1.27%	Water System Revenue, Sales Tax Intercept		
Heyburn		2017A - Heyburn	2,190,000	1,955,000	0.81%	2038	\$ 192,250	0.73%	Water System Revenue, Sales Tax Intercept		

Bonnors Ferry		2017A - Bonnors Ferry	495,000	2,320,000	0.96%	2025	\$ 170,775	0.65%	Electric System Revenues, Sales Tax Intercept		
Cascade		2017A - Cascade	2,905,000	2,505,000	1.04%	2037	\$ 216,350	0.82%	Water & Sewer Revenues, Sales Tax Intercept		
Twin Falls		2017A - Twin Falls	4,905,000	2,995,000	1.24%	2025	\$ 827,375	3.15%	Water System Revenue, Sales Tax Intercept		
Power County		2017B - Power County	8,000,000	7,520,000	3.11%	2047	\$ 475,253	1.81%	Ad Valorem Property Taxes, Sales Tax Intercept		
Power County Hospital District		2017C - Power County Hospital District	14,050,000	13,225,000	5.46%	2048	\$ 804,963	3.06%	Ad Valorem Property Taxes		
Rupert		2018A - Rupert	3,950,000	3,875,000	1.60%	2039	\$ 222,981	0.85%	Ad Valorem Property Taxes		
Benewah County		2020A - Benewah County	19,010,000	19,010,000	7.86%	2041	\$ 1,474,800	5.62%	Ad Valorem Property Taxes, State Intercept		
Emmett		2020A - Emmett	1,890,000	1,890,000	0.78%	2039	\$ 233,400	0.89%	Water & Sewer Revenues, State Intercept		
Caribou County		2020B - Caribou County	1,965,000	1,965,000	0.81%	2033	\$ 104,568	0.40%	General Fund Revenues, State Intercept		
Emmett		2020B - Emmett	8,160,000	8,160,000	3.37%	2039	\$ 282,717	1.08%	Water & Sewer Revenues, State Intercept		
Grangeville		2020B - Grangeville	1,970,000	1,970,000	0.81%	2034	\$ 79,717	0.30%	Water System Revenue, State Intercept		
Jerome County		2020B - Jerome County	7,755,000	7,755,000	3.20%	2037	\$ 380,026	1.45%	Ad Valorem Property Taxes, State Intercept		
Lemhi County		2020B - Lemhi County	3,415,000	3,415,000	1.41%	2028	\$ 170,750	0.65%	Ad Valorem Property Taxes, State Intercept		
		Subtotal	\$428,890,000	\$206,120,000	85.17%		\$25,097,152	95.56%			
2021AB Bonds											
Hazelton		2021A - Hazelton	615,000	615,000	0.25%	2038	17,493	0.07%	Sewer Revenues, State Intercept		2021A - Hazelton
Shelley-Firth Fire District		2021A - Shelley-Firth Fire District	1,185,000	1,185,000	0.49%	2043	112,107	0.43%	Ad Valorem Property Taxes, State Intercept		2021A - Shelley-Firth
Lost River Hospital District		2021B - Lost River Hospital District	3,840,000	3,840,000	1.59%	2035	111,050	0.42%	Ad Valorem Property Taxes, Reserve Fund, State Intercept		2021B - Lost River Hospital
Jerome		2021B - Jerome	12,530,000	12,530,000	5.18%	2037	338,197	1.29%	Sewer Revenues, State Intercept		2021B - Jerome
Burley		2021B - Burley	830,000	830,000	0.34%	2030	29,511	0.11%	Water System Revenue, State Intercept	Water	2021B - Burley Water

Burley		2021B - Burley	8,195,000	8,195,000	3.39%	2032	291,378	1.11%	Sewer Revenues, Reserve Fund, State Intercept	Sewer	2021B - Burley Sewer
Rupert		2021B - Rupert	645,000	645,000	0.27%	2033	22,826	0.09%	Water System Revenue, State Intercept	Water	2021B - Rupert Water
Rupert		2021B - Rupert	6,200,000	6,200,000	2.56%	2037	186,839	0.71%	Sewer Revenues, Reserve Fund, State Intercept	Sewer	2021B - Rupert Sewer
St. Anthony		2021B - St. Anthony	1,585,000	1,585,000	0.65%	2037	47,605	0.18%	Sewer Revenues, State Intercept	Sewer	2021B - St. Anthony Sewer
St. Anthony		2021B - St. Anthony	265,000	265,000	0.11%	2028	9,422	0.04%	Water System Revenue, State Intercept	Water	2021B - St. Anthony Water
		Subtotal	\$35,890,000	\$35,890,000	14.83%		\$1,166,427	4.44%			
		Total	\$464,780,000	\$242,010,000	100.00%		\$26,263,579	100.00%			

(1) Assumes defeasance of Refunded Bonds.

* Preliminary, subject to change.

The following is a listing of IBBA Participants who have failed to meet the reporting deadlines pursuant to the IBBA Loan Agreements within the past five years.

Entity	Series	Year End	Date Financial Statements Posted on EMMA
City of Driggs	2008D	09/30/2019	06/04/2020
City of Emmett	2012B/2013A	09/30/2019	04/16/2019
City of Pocatello	2012D	09/30/2018	05/28/2019
City of Pocatello	2012D	09/30/2019	12/02/2020
City of Pocatello	2021D	09/30/2020	Expected to be finalized and posted by October 1, 2021

Appendix G
Audited Financial Statement of the Authority



Financial Statements
June 30, 2020

Idaho Bond Bank Authority

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Independent Auditor's Report

To Honorable Julie A. Ellsworth, Idaho State Treasurer, Chair and Authority Members
Idaho Bond Bank Authority
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of Idaho Bond Bank Authority (the Authority), a component unit of the State of Idaho, which comprise the statement of net position as of June 30, 2020, and the related statement of revenues, expenses and changes in net position and the statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Idaho Bond Bank Authority as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements of the Authority, are intended to present the financial position and changes in financial position of the Authority. They do not purport to, and do not present fairly the financial position of the State of Idaho as of June 30, 2020, or the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 21, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Idaho Bond Bank Authority's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
September 21, 2020

BACKGROUND

The Idaho Bond Bank Authority (the Authority or Bond Bank) is an independent public body created by the Idaho Legislature in 2001 (Idaho Code 67-8703) and resides within the Idaho State Treasurer's Office. The Authority is a pooled borrowing program governed by the Authority's board with the express purpose of providing long-term lower cost financing for Idaho municipalities.

The Authority's main program goals are 1) To provide municipalities with funds for their infrastructure needs and access to capital markets at competitive rates, 2) To conservatively and consistently manage the bond issuance process and regulatory continuing disclosure requirements, and 3) To maintain a Moody's credit rating of Aa1 through solid issuer due diligence and conservative loan portfolio management.

AUTHORITY BOARD

The governing board of the Authority, as defined in Idaho Code 67-8703, consists of five members: the Idaho State Treasurer (serves as Chairman), one member of the Senate, one member of the House of Representatives, and two members appointed by the Governor. All members have a strong financial background and are uniquely qualified given their extensive knowledge of the State of Idaho.

In November of 2018, Julie A. Ellsworth was elected as the Idaho State Treasurer and serves as the Authority Chairman.

FINANCIAL CONDITION

The Idaho Bond Bank Authority's financial statements are presented in accordance with applicable provisions of the Governmental Accounting Standards Board Statements.

The financial statements report short and long-term financial information about the Idaho Bond Bank Authority. The Statement of Net Position provides information about the nature and amounts of investments in resources (assets) and obligations (liabilities) at the close of fiscal year 2020. The Statement of Revenues, Expenses and Changes in Net Position report the Authority's operations for fiscal year 2020 and the resulting decrease in net position. The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments and net changes in cash resulting from operations, investing and financial activities and the flow of cash during the fiscal year.

The Idaho Bond Bank Authority is a single-purpose governmental entity and is an enterprise fund for financial reporting purposes with revenues and expenses recognized on the accrual basis. The notes to the financial statements contain, among other information, descriptions of the Authority's significant accounting policies and are an integral part of the financial statements.

FINANCIAL HIGHLIGHTS AND LONG-TERM DEBT

The Authority did not receive any municipal loan applications in fiscal year 2020 and subsequently no new loans were financed via issuance of Authority bonds.

During fiscal year 2020, the City of Rexburg deposited \$3,937,505 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund \$3,865,000 of the Series 2010C Bonds. The Bond proceeds were from a bond issued by the Sewer District through a source other than the Authority. As a result, the Series 2010C Bonds are considered partially defeased and the receivable from the City of Rexburg and the liability for the defeased bonds have been removed from these financial statements.

During fiscal year 2020, the North Kootenai Water District called all outstanding Series 2009C Bonds. As a result, the Series 2009C Bonds are considered partially redeemed and the receivable from the North Kootenai Water District and the liability for the redeemed bonds have been removed from these financial statements.

The following table shows the value of assets, liabilities and net position summarized as of June 30:

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Total assets	<u>\$ 285,373,671</u>	<u>\$ 314,500,610</u>	<u>\$ (29,126,939)</u>	-9%
Liabilities				
Total current liabilities	\$ 20,417,488	\$ 21,077,319	\$ (659,831)	-3%
Total noncurrent liabilities	<u>264,698,908</u>	<u>293,130,980</u>	<u>(28,432,072)</u>	-10%
Total liabilities	285,116,396	314,208,299	(29,091,903)	-9%
Net Position				
Unrestricted	<u>257,275</u>	<u>292,311</u>	<u>(35,036)</u>	-12%
Total liabilities and net position	<u>\$ 285,373,671</u>	<u>\$ 314,500,610</u>	<u>\$ (29,126,939)</u>	-9%

The following table shows revenues, expenses and changes in net position summarized as of June 30:

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues				
Total operating revenues	\$ 9,880,629	\$ 10,456,459	\$ (575,830)	-6%
Operating Expenses				
Total operating expenses	<u>9,915,665</u>	<u>10,475,962</u>	<u>(560,297)</u>	-5%
Change in Net Position	(35,036)	(19,503)	(15,533)	-80%
Net Position, Beginning of Year	<u>292,311</u>	<u>311,814</u>	<u>(19,503)</u>	-6%
Net Position, End of Year	<u>\$ 257,275</u>	<u>\$ 292,311</u>	<u>\$ (35,036)</u>	-12%

The regular financial activity for the year involved receipt of semi-annual interest and principal payments from participants on outstanding loans receivable. Interest and principal payments are received by the trustee and then used to make principal and interest payments due on outstanding bonds payable. During fiscal year 2020 and 2019 there were no unusual or excessive administrative expenses.

See Note 2 for additional information concerning the long-term liabilities of the Authority.

CONTACT INFORMATION

This financial report is designed to provide our customers, investors, and creditors with a general overview of the finances and to demonstrate the accountability of its assets. If you have any questions about this report or need additional information, contact the Idaho State Treasurer's Office at (208) 334-3200.

Idaho Bond Bank Authority
Statement of Net Position
June 30, 2020

Assets	
Cash held with Idaho State Treasurer	\$ 257,275
Loans and notes receivable, current portion	16,960,000
Interest receivable	<u>3,457,488</u>
Total current assets	<u>20,674,763</u>
Loans and notes receivable, net of current portion, net of discounts / premiums	<u>264,698,908</u>
Total noncurrent assets	<u>264,698,908</u>
	<u><u>\$ 285,373,671</u></u>
Liabilities	
Revenue bonds payable, current portion	\$ 16,960,000
Interest payable	<u>3,457,488</u>
Total current liabilities	<u>20,417,488</u>
Revenue bonds payable, net of current portion, net of premium / discounts	<u>264,698,908</u>
Total noncurrent liabilities	<u>264,698,908</u>
Total liabilities	285,116,396
Net Position	
Unrestricted	<u>257,275</u>
	<u><u>\$ 285,373,671</u></u>

Idaho Bond Bank Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020

Operating Revenues	
Interest income	\$ 9,872,196
Other income	<u>8,433</u>
Total operating revenues	<u>9,880,629</u>
Operating Expenses	
Interest expense	9,872,196
Other expense	<u>43,469</u>
Total operating expenses	<u>9,915,665</u>
Change in Net Position	(35,036)
Net Position, Beginning of Year	<u>292,311</u>
Net Position, End of Year	<u><u>\$ 257,275</u></u>

Idaho Bond Bank Authority
Statement of Cash Flows
Year Ended June 30, 2020

Operating Activities	
Receipts from bond issuance fees and other income	\$ 8,433
Cash payments to suppliers for services	<u>(43,469)</u>
Net Cash used for Operating Activities	<u>(35,036)</u>
Noncapital Financing Activities	
Payments on bond principal	(26,040,000)
Payments of bond interest	<u>(12,285,231)</u>
Net Cash used for Noncapital Financing Activities	<u>(38,325,231)</u>
Investing Activities	
Receipts of loan principal	26,040,000
Receipts of loan interest	<u>12,285,231</u>
Net Cash from Investing Activities	<u>38,325,231</u>
Net Change in Cash	(35,036)
Cash Held with Idaho State Treasurer, Beginning of Year	<u>292,311</u>
Cash Held with Idaho State Treasurer, End of Year	<u><u>\$ 257,275</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Change in net position	\$ (35,036)
Adjustments to reconcile operating income to net cash used for operating activities	
Note receivable premium / discount amortization	2,158,204
Bond premium / discount amortization	<u>(2,158,204)</u>
Net Cash used for Operating Activities	<u><u>\$ (35,036)</u></u>

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the Idaho Bond Bank Authority (the Authority), have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for the governmental accounting and financial reporting principles.

Reporting Entity

The Idaho Bond Bank Authority was created by Idaho Code, Section 67-8703, authorizing the Authority to issue bonds to make loans to local governments for infrastructure. The objective of the Authority is to obtain lower interest rate and underwriting costs than local governments can achieve individually. The Authority is administered by a five member board, of which two members are appointed by the governor and three are elected officials.

The Authority is included as a component unit in the State of Idaho financial statements. The Authority can obligate state sales tax revenue as a source of payment or security for bonds issued, which imposes a potential direct financial burden on the State.

These statements present only the balances and activities of the Authority and are not intended to present the financial position and the results of operations of the State of Idaho in conformity with generally accepted accounting principles of the United States of America.

Basis of Accounting and Financial Statement Presentation

The Authority is accounted for and reported as a proprietary-type enterprise fund. Accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position display information about the Authority. These statements include the financial activity of the overall reporting entity. These statements report all activities of the Authority as a business-type activity. Operations are financed primarily from interest income.

The Statement of Net Position presents the Authority's assets and liabilities, with the difference reported as net position. Net position is displayed as unrestricted; however, unrestricted net position may have constraints or designations placed upon it by management, which can be unilaterally removed.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

Cash Held with Idaho State Treasurer

The Authority involuntarily participates in the State of Idaho Treasurer's Pooled Idle Fund (Idle Pool). The Idle Pool is an internal investment pool managed by the State Treasurer's Office on behalf of participants. The funds of the Idle Pool are invested pursuant to *Idaho Code* 67-1210 and 67-1210A and generally invested in US Treasury and US Government Agency obligations, investment grade corporate obligations, high quality commercial paper and bank certificates of deposit. For performance evaluation, the Idle Pool is compared to a blended Index made up of 80% Bank of America 0-1 year U.S. Treasury and 20% Bank of America Merrill Lynch U.S. Corporate & Government 1-10 years A rated and above. All investments are held in trust by a safekeeping bank.

Loans Receivable and Provisions for Loan Losses

Loans receivable consist of loans to local governments in order to finance infrastructure needs. The terms of the loans receivable are identical to the terms of the bonds payable. The face value of the notes receivable as of June 30, 2020, is \$249,025,000, with \$16,960,000 receivable within one year. Interest rates range from 1.25% to 6.25%.

Periodic evaluation of the loans receivable portfolio is performed in order to determine whether an allowance for loan losses should be established and reflected in current operations. Due to various levels of security, including the ability of the Authority to intercept State-shared revenues designated for distribution to borrowing communities, and the Authority's low delinquency rates in its loan portfolio, management determined that no allowance for loan losses was necessary for the year ended June 30, 2020. The allowance for loan loss is considered a significant estimate and it is reasonably possible that this estimate will change.

Discount or premium on notes receivable represent the difference between the note receivable balance and the cash that was distributed to the participants. The note premium or discount, is capitalized and amortized over the life of the notes and recognized as revenue using the effective interest method. Notes receivable are reported net of applicable premium or discount. Net discount or premium on notes totaled \$32,301,197 in net premiums as of June 30, 2020. Amortization of note discount or premium for the year ended June 30, 2020, was \$2,158,204 and is included in the caption, Interest Income on the Statement of Revenues, Expenses and Changes in Net Position. Accumulated amortization as of June 30, 2020, was \$16,627,289. The premium on notes receivable net of accumulated amortization totaled \$15,673,908 at June 30, 2020.

Revenue Bonds Payable

Bonds and notes payable include bonds issued to make loans to local governments in order to finance infrastructure needs. Bond premiums / discounts are deferred and amortized over the life of the loan.

The Authority's financial statements report long-term obligations, such as bonds and notes payable, as liabilities, with the portion payable within twelve months designated separately from the portion payable in more than twelve months. Bonds payable are reported net of applicable bond premium or discount. Net premium or discount on the bonds totaled \$32,301,197 in net premium as of June 30, 2020. Amortization of bond premium or discount for the year ended June 30, 2020, was \$2,158,204 and is included in the caption, Interest Expense on

the Statement of Revenues, Expenses and Changes in Net Position. Accumulated amortization as of June 30, 2020, was \$16,627,289. The premium on bonds payable net of accumulated amortization totaled \$15,673,908 at June 30, 2020.

Note 2 - Long-Term Liabilities

The Authority is authorized to issue and sell revenue bonds under provisions of the Idaho Constitution, Article VIII, Section 2A, and Idaho Code, Sections 67-8701 through 67-8728. The bonds are used by the Authority to make loans to local governments in order to finance infrastructure needs. The bonds are limited obligations of the Authority and do not constitute a debt of the State of Idaho or any of its political subdivisions.

Individual revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Series 2004A		Series 2007A	
	Principal	Interest	Principal	Interest
2021	\$ 40,000	\$ 3,360	\$ 160,000	\$ 58,375
2022	40,000	1,700	170,000	51,775
2023	20,000	430	175,000	44,766
2024	-	-	180,000	37,444
2025	-	-	190,000	29,813
2026-2030	-	-	615,000	39,934
2031-2035	-	-	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	<u>\$ 100,000</u>	<u>\$ 5,490</u>	<u>\$ 1,490,000</u>	<u>\$ 262,107</u>

Interest Rate 2.50% - 5.00%

4.00% - 4.25%

Fiscal Year Ending June 30	Series 2008A		Series 2008D	
	Principal	Interest	Principal	Interest
2021	\$ 40,000	\$ 20,475	\$ 30,000	\$ 3,015
2022	40,000	18,825	30,000	1,515
2023	45,000	16,875	-	-
2024	45,000	14,625	-	-
2025	50,000	12,250	-	-
2026-2030	220,000	22,750	-	-
2031-2035	-	-	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	<u>\$ 440,000</u>	<u>\$ 105,800</u>	<u>\$ 60,000</u>	<u>\$ 4,530</u>

Interest Rate 3.25% - 5.00%

2.30% - 5.15%

Idaho Bond Bank Authority

Notes to Financial Statements

June 30, 2020

Fiscal Year Ending June 30	Series 2009C		Series 2010A	
	Principal	Interest	Principal	Interest
2021	\$ 125,000	\$ 24,500	\$ 1,230,000	\$ 416,591
2022	130,000	19,400	1,270,000	356,477
2023	135,000	14,100	1,310,000	291,203
2024	140,000	8,600	1,355,000	223,779
2025	145,000	2,900	1,400,000	154,077
2026-2030	-	-	2,345,000	59,329
2031-2035	-	-	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 675,000	\$ 69,500	\$ 8,910,000	\$ 1,501,456

Interest Rate 4.00% - 5.00%

2.50% - 5.06%

Fiscal Year Ending June 30	Series 2010B		Series 2010C	
	Principal	Interest	Principal	Interest
2021	\$ 770,000	\$ 1,420,807	\$ 695,000	\$ 84,900
2022	790,000	1,382,900	-	-
2023	820,000	1,338,891	-	-
2024	845,000	1,293,378	-	-
2025	875,000	1,246,362	-	-
2026-2030	4,905,000	5,411,053	-	-
2031-2035	5,965,000	3,743,844	-	-
2036-2040	7,270,000	1,683,438	-	-
2041-2045	1,635,000	51,094	-	-
2046-2050	-	-	-	-
Total	\$ 23,875,000	\$ 17,571,767	\$ 695,000	\$ 84,900

Interest Rate 3.00% - 6.25%

2.00% - 4.00%

Fiscal Year Ending June 30	Series 2011A		Series 2012A	
	Principal	Interest	Principal	Interest
2021	\$ 705,000	\$ 210,100	\$ 620,000	\$ 326,013
2022	730,000	181,400	640,000	308,763
2023	575,000	155,300	655,000	294,994
2024	600,000	131,800	525,000	278,438
2025	620,000	107,400	550,000	258,250
2026-2030	2,030,000	151,750	2,670,000	883,750
2031-2035	-	-	2,275,000	240,125
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 5,260,000	\$ 937,750	\$ 7,935,000	\$ 2,590,333

Interest Rate 2.00% - 5.00%

2.00% - 5.00%

Idaho Bond Bank Authority

Notes to Financial Statements

June 30, 2020

Fiscal Year Ending June 30	Series 2012B		Series 2012C	
	Principal	Interest	Principal	Interest
2021	\$ 995,000	\$ 644,900	\$ 1,245,000	\$ 233,944
2022	1,030,000	599,250	1,305,000	170,194
2023	1,015,000	548,125	1,370,000	103,319
2024	1,060,000	496,250	565,000	63,066
2025	755,000	450,875	580,000	50,538
2026-2030	4,035,000	1,715,900	1,820,000	68,131
2031-2035	2,935,000	972,700	-	-
2036-2040	2,490,000	484,800	-	-
2041-2045	1,140,000	46,000	-	-
2046-2050	-	-	-	-
Total	\$ 15,455,000	\$ 5,958,800	\$ 6,885,000	\$ 689,192

Interest Rate 2.00% - 5.00%

1.25% - 5.00%

Fiscal Year Ending June 30	Series 2012D		Series 2013A	
	Principal	Interest	Principal	Interest
2021	\$ 4,080,000	\$ 1,704,938	\$ 260,000	\$ 55,100
2022	4,245,000	1,538,438	265,000	47,225
2023	4,145,000	1,391,363	275,000	39,125
2024	3,715,000	1,236,313	-	35,000
2025	3,760,000	1,049,438	-	35,000
2026-2030	14,605,000	2,714,338	-	175,000
2031-2035	5,360,000	578,841	-	175,000
2036-2040	1,665,000	101,641	-	175,000
2041-2045	-	-	1,000,000	87,500
2046-2050	-	-	-	-
Total	\$ 41,575,000	\$ 10,315,310	\$ 1,800,000	\$ 823,950

Interest Rate 2.00% - 5.00%

3.00% - 3.50%

Fiscal Year Ending June 30	Series 2013B		Series 2014A	
	Principal	Interest	Principal	Interest
2021	\$ 430,000	\$ 491,506	\$ 1,210,000	\$ 1,735,095
2022	445,000	471,781	1,275,000	1,672,970
2023	470,000	448,906	1,335,000	1,607,720
2024	495,000	424,781	1,905,000	1,526,720
2025	515,000	399,531	1,995,000	1,449,170
2026-2030	2,680,000	1,605,856	14,430,000	5,998,150
2031-2035	3,015,000	1,001,828	17,640,000	2,502,763
2036-2040	2,610,000	269,000	4,750,000	396,835
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 10,660,000	\$ 5,113,189	\$ 44,540,000	\$ 16,889,423

Interest Rate 2.00% - 5.00%

1.50% - 5.00%

Idaho Bond Bank Authority

Notes to Financial Statements

June 30, 2020

Fiscal Year Ending June 30	Series 2014B-1		Series 2014B-2	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 111,000	\$ 240,000	\$ 108,962
2022	-	111,000	250,000	100,387
2023	-	111,000	260,000	90,812
2024	-	111,000	270,000	80,212
2025	-	111,000	280,000	69,212
2026-2030	205,000	549,875	1,395,000	147,174
2031-2035	2,015,000	261,625	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 2,220,000	\$ 1,366,500	\$ 2,695,000	\$ 596,759

Interest Rate 2.50% -5.00%

2.50% -5.00%

Fiscal Year Ending June 30	Series 2014C		Series 2015A	
	Principal	Interest	Principal	Interest
2021	\$ 730,000	\$ 464,925	\$ 810,000	\$ 691,038
2022	760,000	427,675	850,000	649,538
2023	1,070,000	381,925	895,000	605,913
2024	1,120,000	327,175	1,100,000	556,038
2025	1,175,000	269,800	1,155,000	499,663
2026-2030	3,640,000	680,675	6,550,000	1,746,238
2031-2035	2,570,000	225,025	7,685,000	611,381
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 11,065,000	\$ 2,777,200	\$ 19,045,000	\$ 5,359,809

Interest Rate 2.00% - 5.00%

3.00% - 5.00%

Fiscal Year Ending June 30	Series 2015B		Series 2017A	
	Principal	Interest	Principal	Interest
2021	\$ 640,000	\$ 933,063	\$ 1,385,000	\$ 690,975
2022	660,000	913,563	1,450,000	620,100
2023	675,000	890,163	1,535,000	545,475
2024	705,000	865,206	1,565,000	467,975
2025	725,000	835,625	1,640,000	387,850
2026-2030	4,660,000	3,558,750	3,440,000	1,282,375
2031-2035	6,585,000	2,119,875	2,945,000	620,300
2036-2040	5,105,000	525,875	1,585,000	147,481
2041-2045	-	-	165,000	3,094
2046-2050	-	-	-	-
Total	\$ 19,755,000	\$ 10,642,120	\$ 15,710,000	\$ 4,765,625

Interest Rate 2.00% - 5.00%

2.00% - 5.00%

Idaho Bond Bank Authority

Notes to Financial Statements

June 30, 2020

Fiscal Year Ending June 30	Series 2017B		Series 2017C	
	Principal	Interest	Principal	Interest
2021	\$ 165,000	\$ 306,203	\$ 280,000	\$ 525,613
2022	175,000	300,253	285,000	519,963
2023	180,000	293,815	295,000	509,738
2024	185,000	286,971	305,000	499,313
2025	190,000	279,940	315,000	488,388
2026-2030	1,080,000	1,283,224	1,770,000	2,244,913
2031-2035	1,300,000	1,057,460	2,130,000	1,877,963
2036-2040	1,580,000	771,088	2,590,000	1,397,113
2041-2045	1,935,000	402,794	3,260,000	715,778
2046-2050	895,000	38,356	2,275,000	116,859
Total	<u>\$ 7,685,000</u>	<u>\$ 5,020,104</u>	<u>\$ 13,505,000</u>	<u>\$ 8,895,641</u>

Interest Rate 3.00% - 4.25%

2.00% - 5.00%

Fiscal Year Ending June 30	Series 2018A	
	Principal	Interest
2021	\$ 75,000	\$ 151,731
2022	75,000	147,981
2023	85,000	143,981
2024	90,000	140,506
2025	90,000	137,806
2026-2030	525,000	619,156
2031-2035	655,000	478,609
2036-2040	780,000	348,419
2041-2045	935,000	200,088
2046-2050	640,000	35,344
Total	<u>\$ 3,950,000</u>	<u>\$ 2,403,621</u>

Interest Rate 3.00% - 5.00%

Total revenue bond debt service requirements to maturity are as follows:

	Total	
	Principal	Interest
2021	\$ 16,960,000	\$ 11,417,129
2022	16,910,000	10,613,073
2023	17,340,000	9,867,939
2024	16,770,000	9,104,590
2025	17,005,000	8,324,888
2026-2030	73,620,000	30,958,321
2031-2035	63,075,000	16,467,339
2036-2040	30,425,000	6,300,690
2041-2045	10,070,000	1,506,348
2046-2050	3,810,000	190,559
Total	\$ 265,985,000	\$ 104,750,876

The revenue bonds are secured by loan payments from local governments, investment earnings on amounts held by the trustee, and any other monies received by the Authority as designated revenues. The Series 2004A, 2007A, 2008A, 2008D, 2009C, 2010A, 2010B, 2010C, 2011A, 2012A, 2012B, 2012C, 2012D, 2013A, 2013B, 2014A, 2014B-1, 2014B-2, 2014C, 2015A, 2015B, 2017A, 2017B, 2017C and 2018A bonds are further secured by monies in the debt service reserve funds held by each participant. The reserve requirement of each participant is equal to the lesser of 125 percent of the annual debt service, the maximum annual debt service, or 10 percent of the original issue amount.

Idaho Bond Bank Authority
Notes to Financial Statements
June 30, 2020

The changes in long-term liabilities for the fiscal year ended June 30, 2020 are as follows:

Long-Term Liabilities	Balances at June 30, 2019	Increases	Reductions	Balances at June 30, 2020	Amounts Due Within One Year
Revenue Bonds - 2004A	\$ 135,000	\$ -	\$ (35,000)	\$ 100,000	\$ 40,000
Revenue Bonds - 2007A	1,645,000	-	(155,000)	1,490,000	160,000
Revenue Bonds - 2008A	480,000	-	(40,000)	440,000	40,000
Revenue Bonds - 2008C	45,000	-	(45,000)	-	-
Revenue Bonds - 2008D	60,000	-	-	60,000	30,000
Revenue Bonds - 2009C	5,985,000	-	(5,310,000)	675,000	125,000
Revenue Bonds - 2010A	10,105,000	-	(1,195,000)	8,910,000	1,230,000
Revenue Bonds - 2010B	24,615,000	-	(740,000)	23,875,000	770,000
Revenue Bonds - 2010C	5,235,000	-	(4,540,000)	695,000	695,000
Revenue Bonds - 2011A	5,930,000	-	(670,000)	5,260,000	705,000
Revenue Bonds - 2012A	8,535,000	-	(600,000)	7,935,000	620,000
Revenue Bonds - 2012B	16,420,000	-	(965,000)	15,455,000	995,000
Revenue Bonds - 2012C	8,480,000	-	(1,595,000)	6,885,000	1,245,000
Revenue Bonds - 2012D	45,505,000	-	(3,930,000)	41,575,000	4,080,000
Revenue Bonds - 2013A	2,345,000	-	(545,000)	1,800,000	260,000
Revenue Bonds - 2013B	11,070,000	-	(410,000)	10,660,000	430,000
Revenue Bonds - 2014A	45,695,000	-	(1,155,000)	44,540,000	1,210,000
Revenue Bonds - 2014B	5,150,000	-	(235,000)	4,915,000	240,000
Revenue Bonds - 2014C	11,765,000	-	(700,000)	11,065,000	730,000
Revenue Bonds - 2015A	19,820,000	-	(775,000)	19,045,000	810,000
Revenue Bonds - 2015B	20,385,000	-	(630,000)	19,755,000	640,000
Revenue Bonds - 2017A	17,045,000	-	(1,335,000)	15,710,000	1,385,000
Revenue Bonds - 2017B	7,845,000	-	(160,000)	7,685,000	165,000
Revenue Bonds - 2017C	13,780,000	-	(275,000)	13,505,000	280,000
Revenue Bonds - 2018A	3,950,000	-	-	3,950,000	75,000
Total Revenue Bonds	292,025,000	-	(26,040,000)	265,985,000	16,960,000
Premiums/(Discounts)	<u>33,622,381</u>	<u>-</u>	<u>(1,321,184)</u>	<u>32,301,197</u>	<u>-</u>
Accumulated Amortization	<u>(15,151,401)</u>	<u>(2,158,204)</u>	<u>682,316</u>	<u>(16,627,289)</u>	<u>-</u>
Total Bonds Payable	<u>\$ 310,495,980</u>	<u>\$ (2,158,204)</u>	<u>\$ (26,678,868)</u>	<u>281,658,908</u>	<u>\$ 16,960,000</u>
			Current portion	<u>16,960,000</u>	
			Long-term portion	<u>\$ 264,698,908</u>	

Note 3 - Advanced Refundings

In fiscal year 2020 the City of Rexburg deposited \$3,937,505 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund \$3,865,000 of the Series 2010C. As a result, the Series 2010C Bonds are considered to be partially defeased and the receivable from the City and the liability for the defeased bonds have been reduced by the defeased amount. The City achieved cash flow savings of \$314,283 and an economic gain of \$263,342 as a result of the refunding.

The outstanding balance of defeased bonds as of June 30, 2020 are as follows:

Bond Series Defeased	Outstanding at June 30, 2019	Current Year Defeasances	Bonds Redeemed	Outstanding at June 30, 2020
2010C	\$ -	\$ 3,865,000	\$ -	\$ 3,865,000
2017A	3,545,000	-	325,000	3,220,000
Total	<u>\$ 3,545,000</u>	<u>\$ 3,865,000</u>	<u>\$ 325,000</u>	<u>\$ 7,085,000</u>

Note 4 - Subsequent Events

Subsequent to year-end on July 9, 2020, the remaining balance of \$1,490,000 was called on the 2007A Bonds.

Note 5 - Contingencies

COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic continues to impact national and global economies. The Authority is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Authority is not known.



Other Information
June 30, 2020

Idaho Bond Bank Authority



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To Honorable Julie A. Ellsworth, Idaho State Treasurer, Chair and Authority Members
Idaho Bond Bank Authority
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Idaho Bond Bank Authority (the Authority), which comprise the statement of net position, statement of revenues, expenses and changes in net position, and cash flows, as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
September 21, 2020