



STATE OF IDAHO

OFFICE OF THE STATE TREASURER

RON G. CRANE STATE TREASURER

July 31, 2016

The Honorable C.L. "Butch" Otter
Office of Governor
700 West Jefferson
Boise, ID 83702

Dear Governor Otter:

As required by Idaho Code 67-1225 which states, "The Idaho credit rating enhancement committee shall advise the governor and the legislature regarding policies and action that enhance and preserve the state's credit rating and maintain the future availability of low cost capital financing. In carrying out this function, the committee shall report findings and recommendations to the governor and the speaker of the house of representatives and the president pro tempore of the senate by August 1 of each year," I am proud to submit the 2016 report on behalf of the Committee. The Credit Rating Enhancement Committee Members are the following:

Ron G Crane, State Treasurer and Committee Chair
Senator Chuck Winder
Representative Rick Youngblood
Brad Little, Lieutenant Governor
John Sager, IHFA
Wayne Meuleman, ISBA
Dave Fulkerson, DFM
Timothy D. Hill, State Dept. of Education
Leonard Crosby, Idaho Bond Bank

The Committee would be glad to address any questions that you, a member of the Legislature, or any other official may have concerning this report or the work of the Credit Rating Enhancement Committee.

Sincerely,

Ron G. Crane
State Treasurer



**STATE OF IDAHO
CREDIT RATING ENHANCEMENT COMMITTEE**

**ANNUAL REPORT
July 31, 2016**

State of Idaho Debt Obligations

The outstanding State Guaranteed and State Authority/Association Debt Obligations as of July 1, 2016 are listed below:

State Guaranteed Debt:

State of Idaho	\$	0
Idaho Bond Bank Authority	\$	339,190,000
School Bond Guarantee	\$	1,150,709,375

State Authority/Association Debt:

Idaho State Building Authority	\$	137,257,453
Idaho Housing and Finance Association*	\$	594,485,000

Total Variable Rate Debt:

Idaho State Building Authority**	\$	30,120,000
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Debt with Derivative Product:

Idaho State Building Authority Notional Amount**	\$	31,315,000
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*GARVEE Bonds

**Included in Idaho State Building Authority total outstanding of \$ 137,257,453

Program Capacities:

The Idaho Bond Bank and Idaho School Bond Guarantee Capacity as of July 1, 2016:

Combined MADS (Max Annual Debt Service) = \$150,201,564.37

2015 Audited State Sales Tax Revenue \$1,444,781,000 divided by 5 = \$288,956,200

The programs have used 51.98% ($\$150,201,564.37 / \$288,956,200$) of the available capacity

State of Idaho Tax Anticipation Notes

On July 1, 2016 the State of Idaho issued a \$500,000,000 Tax Anticipation Note (TAN). The TAN has a yield of 0.72% with a coupon of 2.00% and matures on June 30, 2017. The State issues a TAN for cash flow management annually; in accordance with the State's balanced budget requirement the TAN cannot be outstanding over fiscal year end.

State of Idaho Ratings

Ratings on the 2016 TAN are:

Moody's:	MIG-1
Standard & Poors:	SP-1+
Fitch:	F1+

Underlying ratings for the State of Idaho are:

Moody's:	Aa1 Stable
Standard & Poors:	AA+ Stable
Fitch:	AA+ Stable

The following information can be found on the Credit Rating Enhancement Committee On-Line Reporting System (<https://ebank.sto.idaho.gov>)

- Definition of Bond Ratings
- Rating Agency Reports

The most recent rating agency reports for the State of Idaho, Idaho TAN, Idaho Bond Bank Authority, Idaho Housing and Finance Association, and Idaho Building Authority.

2016 Update

The CREC felt that it was unnecessary to take any specific actions in fiscal year 2016.

The Idaho Bond Bank Authority and Idaho State Building Authority submitted responses to the SEC's MCDC initiative. To date, they have not received any response from the SEC.

Idaho Housing and Finance Association (IHFA) has been participating in the U.S. Securities and Exchange Commission's (the "Commission") Municipalities Continuing Disclosure Cooperation Initiative (MCDC Initiative). In connection with the MCDC Initiative, IHFA has been contacted by the Commission, and IHFA has submitted to the Commission an Offer of Settlement (the "Offer") in anticipation of a cease-and-desist order (the "Order") to be entered into against IHFA by the Commission. IHFA expects to consent (without admitting or denying any findings contained therein, except as to the Commission's jurisdiction over it and the subject matter of such proceedings) to the entry of an Order by the Commission finding, among other things, that, in certain official statements for municipal securities, IHFA affirmatively misstated that it had materially complied with a prior agreement to provide continuing disclosure and also failed to disclose that it had not been in material compliance with a prior agreement to provide continuing disclosure. IHFA has undertaken to, among other things, establish appropriate written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance with the federal securities laws, and comply with its existing continuing disclosure undertakings, including updating past delinquent filings, as necessary. IHFA expects that any resulting Order will be finalized in the near future; however, no assurance can be given that the Offer will be accepted by the Commission or that the Order will be entered into by the Commission.

On-Line Debt Management Reporting System

The Credit Rating Enhancement Committee maintains an On-Line Debt Management Reporting System (<https://ebank.sto.idaho.gov>) The online site contains all outstanding debt issues for the State of Idaho and allows the date from all new debt issues to be entered as soon as the new issue closes. This site gives elected officials, state employees, and rating agencies access to this information. The rating agencies stress the importance of having such a system available for the decision makers in the State.

State of Idaho Debt Management Policy

The purpose of the State of Idaho Debt Management Policy, developed by the CREC, is to provide policymakers with information to enable informed decisions regarding financing proposals and debt issuance. This central policy serves to protect and enhance Idaho's bond ratings and maintain the future availability of low-cost capital financing.

A copy of the State of Idaho Debt Management Policy can be found on the "On-Line Debt Management Reporting System" (<https://ebank.sto.idaho.gov>).

Recommendations for Improving, Coordination and Enhancement of Debt Management for the State of Idaho

The Credit Rating Enhancement Committee continues the process of establishing priorities to assist in the improvement, coordination and enhancement of debt management for the State of Idaho.