

**CONTINUING DISCLOSURE POLICY
CONCERNING MUNICIPAL SECURITIES**

Issued by

IDAHO BOND BANK AUTHORITY

Introduction

This Continuing Disclosure Policy (the “Disclosure Policy”) is adopted pursuant to a Resolution of the Board of the Authority (the “Board”) of the Idaho Bond Bank Authority (the “Issuer”), to ensure that the Issuer efficiently carries out its continuing disclosure obligations with respect to the municipal securities it issues pursuant to Rule 15c2-12, as amended (the “Rule”), promulgated under the Securities Exchange Act of 1934, as amended.

Definitions

The definitions set forth herein shall apply to any capitalized term used in this Disclosure Policy unless otherwise defined herein. In addition to such terms and the terms defined above, as used in this Disclosure Policy, the following capitalized terms shall have the following meanings:

“**Auditor**” means the independent auditor or auditing firm engaged by the Issuer.

“**Board**” means the members of the board of the Issuer.

“**Borrower**” means the municipality borrowing under a loan evidenced by its municipal bonds issued to the Issuer.

“**Compliance Officer**” means the Treasurer.

“**Disclosure Documents**” means the official statements, offering and reoffering circulars and similar disclosure documents prepared by or on behalf of the Issuer in connection with the primary offering of its Obligations.

“**Dissemination Agent**” means any entity acting as a Dissemination Agent under any of the Issuer’s Undertakings, or any successor Dissemination Agent appointed in accordance with such Undertakings.

“**Employee**” means, collectively, (i) the Executive Director and Treasurer of the Issuer, and (ii) any person who, as part of his or her employment with the Issuer, has regular responsibility for the administration of matters related to Obligations.

“**EMMA**” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org/>.

“**Event**” means any of the events listed in Schedule 1 of this Disclosure Policy.

“Financial Report” means the Financial Report annually prepared by the Auditor, which shall include a [Balance Sheet, a Statement of Activities, and a Statement of Cash Flows], together with supporting notes and tables. All such financial information shall be prepared using generally accepted accounting principles as in effect from time to time and audited by a certified public accountant; *provided*, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Auditor includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change, and explaining how to compare the financial information provided by the differing financial accounting principles.

“Fiscal Year” means the fiscal year of the Issuer, being the period commencing on July 1 and ending on the following June 30.

“MSRB” means the Municipal Securities Rulemaking Board or any other board or entity which succeeds to the functions currently delegated to the Municipal Securities Rulemaking Board by the Rule.

“Obligations” means any municipal securities issued by, or whose payment is guaranteed by, the Issuer. A list of currently outstanding Obligations shall be maintained on file at the Issuer, and available from the Compliance Officer.

“Required Disclosures” means collectively, all current Financial Reports, Supplemental Financial Information and Events required to be submitted under the Undertakings.

“SEC” means the U.S. Securities and Exchange Commission.

“Supplemental Financial Information” means the State of Idaho Sales Tax Account as set forth in the tables under the heading “Security for the Series _____ Bonds – State Sales Tax Revenues” of the applicable Disclosure Document and the balance then remaining as of the end of the most recent Fiscal Year State Sales Tax of the Issuer for the Surplus Fund and the Revenue Fund.

“Treasurer” means the Treasurer of the Issuer. If that position is vacant or eliminated, the Executive Director shall be responsible for performing the duties of the Treasurer under this Disclosure Policy.

“Undertakings” means those written undertakings of the Issuer to file certain annual operating and financial information and notice of the occurrence of certain material events executed in connection with the primary offering of certain Obligations. A list of currently applicable Undertakings shall be maintained on file at the Issuer, and available from the Compliance Officer.

PART I ISSUANCE AND PRIMARY MARKET DISCLOSURE

Issuance and Primary Disclosure Obligations

Whenever the Issuer issues its Obligations, preliminary and/or final Disclosure Documents are prepared by or on behalf of the Issuer. Each of these Disclosure Documents contains information relating to the Issuer's finances, Borrowers and their projects, as well as Idaho sales tax and other financial information. The Executive Director and the Treasurer shall share primary responsibility for ensuring that all such information is accurate and not misleading in any material aspect and that it doesn't omit to state a fact that is material with assistance from the Issuer's financial advisor and counsel, utilizing appropriate due diligence procedures and verification of financial information and data. Prior to the distribution of the Disclosure Documents to potential investors, the Executive Director shall provide the Board, and the Compliance Officer with the substantially final draft of each Disclosure Document to enable such parties to thoroughly review the Disclosure Document, and the Compliance Officer shall give the Board an opportunity to review such Disclosure Document.

Each Disclosure Document shall be accompanied by a certification by the Executive Director and Treasurer that the information contained in the Disclosure Document regarding the Issuer and the applicable sales tax and other financial information, as of the date of such Disclosure Document, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the information contained in the Disclosure Document, in light of the circumstances under which it was provided, not misleading. The Treasurer shall also require that the sales tax and related financial information be verified by written statements of the providers as needed. Prior to distribution of any Disclosure Document, the Board shall have provided its approval of the Disclosure Document.

In determining whether to provide disclosure with respect to a Borrower, the Issuer shall consider the aggregate debt service payments by revenue type (e.g. sewer revenues, water revenues, general obligation bond revenues, etc.) of any Borrower making payments on its loans from the Issuer which constitute 10% or more of total pledged revenues available for payment of debt service on the Issuer's Obligations (the 10% Test"), including, without limitation, available sales tax revenues ("Sales Tax Revenues") and other Borrowers' loan payments, as an "obligated person" for purposes of the Rule. See Exhibit B for the calculation to determine an obligated person. If a Borrower meets the 10% Test and is an "obligated person," then such Borrower will be required to enter into a continuing disclosure undertaking in its loan agreement with the Issuer and to make the required filings with EMMA in accordance with the Rule.

PART II SECONDARY MARKET DISCLOSURE

Annual Submission of Financial Report

1. Upon acceptance of a Financial Report by the Board and not later than six (6) months after the end of each Fiscal Year, while any Obligations remain outstanding, the Treasurer shall identify the CUSIP numbers of the Issuer's Obligations, shall check the Financial Report and Supplemental Financial Information against the relevant Undertakings and shall submit or cause the Issuer's Financial Report to be submitted to the MSRB through EMMA. If the Issuer's audited Financial Report is not available at the time the Financial Report is required to be filed pursuant to the Issuer's Undertakings and this Disclosure Policy, the Treasurer shall submit or cause the Issuer's unaudited Financial Report to be submitted to the MSRB through EMMA, and

then when and if available, the Treasurer shall submit or cause the Issuer's audited Financial Report to be submitted to the MSRB through EMMA or to the Dissemination Agent, if applicable with instructions to the Dissemination Agent to file.

2. Not more than five (5) days after the submission of the Financial Report to the MSRB, the Treasurer shall provide to the Executive Director written confirmation that the Financial Report has been submitted and filed properly with the MSRB through EMMA.

3. In the event that the Financial Report is not completed in time to submit the Financial Report to the MSRB through EMMA within the time specified in paragraph 1 above, the Treasurer, after filing the unaudited financial statements as provided in paragraph 1 above, will file a notice of occurrence of such Event in accordance with the policy and procedures set forth below under "Reporting of Events," and in accordance with the Rule, and the Issuer's Financial Report shall be submitted as soon as it is available.

4. The Financial Report may be provided to the MSRB through EMMA in one document or a set of documents submitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet website or filed with the SEC. The Treasurer, shall clearly identify each such other document provided by cross reference.

5. The Financial Report may be incorporated by reference into other documents, including Disclosure Documents of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been filed with the MSRB through EMMA or the SEC. The Treasurer, shall clearly identify each such incorporation by reference. In the event that the Treasurer, determines to so incorporate by reference the Financial Report, the Treasurer shall also file a notice through EMMA indicating that the Issuer's Financial Report for that year is contained in documents filed with the SEC or with the MSRB through EMMA.

Annual Submission of Supplemental Financial Information

1. Upon acceptance of a Financial Report by the Board and not later than six (6) months after the end of each Fiscal Year, while any Obligations remain outstanding, the Treasurer, shall submit or cause the Issuer's Supplemental Financial Information required by by each Undertaking to be submitted to the MSRB through EMMA.

2. The Treasurer, shall coordinate preparation of the annual updates to its Supplemental Financial Information not less than ten (10) days prior to the above deadline for the submission of the Supplemental Financial Information to the MSRB.

3. Not more than five (5) days after the submission of the Supplemental Financial Information to the MSRB, the Compliance Officer shall submit written confirmation that the Supplemental Financial Information has been submitted and filed properly with the MSRB through EMMA.

4. The Supplemental Financial Information may be provided to the MSRB through EMMA in one document or a set of documents submitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet website or filed

with the SEC. The Treasurer, shall clearly identify each such other document provided by cross reference.

5. The Supplemental Financial Information may be incorporated by reference to other documents, including Disclosure Documents of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been filed with the MSRB through EMMA or the SEC. The Treasurer shall clearly identify each such incorporation by reference. In the event that the Treasurer, determines to so incorporate by reference the Supplemental Financial Information, the Treasurer shall also file a notice through EMMA indicating that all or part of the Supplemental Financial Information for that year is contained in documents filed with the SEC or with the MSRB through EMMA.

Periodic Reporting of Events

1. After consultation with, and with the prior approval of, the Executive Director, the Compliance Officer shall prepare and file a notice of the occurrence of any Event or Events with the MSRB via EMMA with respect to any Obligations to which the Event or Events are applicable, in a timely manner not in excess of ten (10) business days after the occurrence of the Event, as required by the Rule. The Events which are required to be disclosed are listed on Schedule 1 hereof, which Schedule the Compliance Officer, is responsible for updating in a timely manner in the event that there are future changes to the Rule that result in additions, changes or deletions to the list of Events. The Compliance Officer with the assistance of counsel, shall determine the materiality of an Event if applicable under the list in Schedule 1.

2. Not less than three (3) business days after providing notice of an Event to the MSRB, the Treasurer shall provide a copy of the notice submission filed with the MSRB to the Executive Director, along with written confirmation that such notice submission was properly filed with the MSRB through EMMA, as required by the Rule.

3. Whenever any Employee obtains actual knowledge of the occurrence of an Event, that Employee must inform the Executive Director in writing as soon as possible so that notice of such Event may be filed in accordance with Paragraph 1 of this Section.

Voluntary Disclosure

The Issuer shall post on the Issuer’s website all information submitted by the Issuer to EMMA pursuant to any Undertaking or this Disclosure Policy. In addition, the Issuer also may, from time to time, voluntarily submit information to EMMA and/or post voluntary information such as bank lending agreements, rating agency reports and submissions, adopted budgets, information regarding borrowers (“Borrowers”) under the Issuer’s bond bank programs including without limitation any non-compliance with loan agreements such as a Borrower’s failure to comply with Borrower’s reporting obligations under its Loan Agreement and other information submitted by the Treasurer from time to time (each, a “Voluntary Disclosure”). The Issuer shall not be required to furnish or update such voluntary disclosure but may do so in the interest of providing helpful information to its bondholders.

Manner of Submission

It is the Issuer's policy to treat all bondholders fairly and equally and to avoid selective disclosure of Issuer information whenever possible. To that end, the Issuer's policy is to maintain all Required Disclosures and material Voluntary Disclosures including on the Issuer's website, available to the public and the investment community on an equal basis.

The Treasurer, shall submit, or cause to be submitted through the Dissemination Agent, the Required Disclosures required to be submitted to the MSRB pursuant to the Disclosure Policy in an electronic format, searchable pdf, if applicable, and such Required Disclosures shall be accompanied by identifying information, including all relevant CUSIP identification numbers of outstanding Obligations, in the manner prescribed by the MSRB, or in such other manner as is consistent with the Rule. A description of such format and information as presently prescribed by the MSRB is included in Exhibit A hereto.

The Issuer shall submit its Required Disclosures to EMMA through its Dissemination Agent. The Issuer shall have the right (but not the obligation) to post Voluntary Disclosure to EMMA without using a Dissemination Agent.

PART III PUBLIC STATEMENTS

Public Statements Regarding Financial Information

To the extent feasible, any statements or release of information regarding the Issuer's finances, program or operations shall be made by the Executive Director. Whenever statements are made or information is released relating to the Issuer's finances and operations to the public that is reasonably expected to reach investors and the trading markets (including, without limitation, all Event notices, Financial Report, Supplemental Financial Information, and other reports and statements of the Issuer), the Compliance Officer, shall ensure that such statements and information are complete, true, and accurate in all material aspects. The Executive Director and Compliance Officer shall work together to ensure that all public statements and information released by the Issuer are accurate and not misleading in all material aspects and that the Issuer complies with all applicable requirements of the Rule regarding continuing disclosure.

PART IV MISCELLANEOUS

Disclosure Training for Issuer Employees

1. The Compliance Officer, in consultation with the Executive Director, is responsible for conducting or causing to be conducted annual training of Issuer Employees regarding this Disclosure Policy. Such training shall include a complete review of this Disclosure Policy, the Rule, the Undertakings and the Events listed on Schedule I hereto. The Compliance Officer may contract with an experienced independent third party for this training. Upon completion of the annual training, all Issuer Employees will provide written certification that they have completed the annual disclosure training and that they have reviewed and understand the Disclosure Policy,

the Rule, the Undertakings and the Events listed on Schedule 1 hereto, and that they will comply with the Disclosure Policy.

2. Not later than fourteen (14) business days after the end of each fiscal year of the Issuer, the Compliance Officer shall provide annual written certification to the Executive Director that the annual disclosure training has been completed. Such certification shall include a list of Employees who have completed such training.

Additional Information

Nothing in this Disclosure Policy shall be deemed to prevent the Issuer from disseminating any other accurate information using the means of dissemination set forth in this Disclosure Policy or any other means of communication.

Review of Disclosure Policy The Treasurer and Executive Director, together with the Issuer's counsel and financial advisor, shall periodically review this policy and recommend appropriate revisions.

Schedule 1 to the Disclosure Policy
List of Events

The SEC requires notification of the occurrence of any of the Events listed as (1) through (14) below with respect to any applicable Obligation. Notification must be provided in a timely manner, but not more than ten (10) business days after its occurrence.

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, or a Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to tax status of the Certificates, or other events affecting the tax status of the Certificates;
7. Modifications to rights of registered owners of the Certificates, if material;
8. Bond calls (excluding mandatory sinking fund redemptions), if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Certificates;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or a similar proceeding by an obligated person;
13. Consummation of a merger, consolidation, acquisition involving an obligated person, or sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or determination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of an additional or a successor trustee, or the change in name of a trustee, if material.

EXHIBIT A

MSRB PROCEDURES FOR SUBMISSION OF CONTINUING DISCLOSURE DOCUMENTS AND RELATED INFORMATION

Securities and Exchange Commission Release No. 34-59061 (the “Release”) approves an MSRB rule change establishing a continuing disclosure service of the MSRB’s Electronic Municipal Market Access system (“EMMA”). The rule change establishes, as a component of EMMA, the continuing disclosure service for the receipt of, and for making available to the public, continuing disclosure documents and related information to be submitted by issuers, obligated persons and their agents pursuant to continuing disclosure undertakings entered into consistent with Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934. The following discussion summarizes procedures for filing continuing disclosure documents and related information with the MSRB as described in the Release.

All continuing disclosure documents and related information is to be submitted to the MSRB, free of charge, through an Internet-based electronic submitter interface or electronic computer-to-computer data connection, at the election of the submitter. The submitter is to provide, at the time of submission, information necessary to accurately identify: (i) the category of information being provided; (ii) the period covered by any annual financial information, financial statements or other financial information or operating data; (iii) the issues or specific securities to which such document is related or otherwise material (including CUSIP number, issuer name, state, issue description/securities name, date, maturity date and/or coupon rate); (iv) the name of any obligated person other than the issuer; (v) the name and date of the document; and (vi) contact information for the submitter. Submissions to the MSRB are to be made as portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. If the submitted file is a reproduction of the original document, the submitted file must maintain the graphical and textual integrity of the original document. In addition, as of January 1, 2010, such PDF files must be word-searchable (that is, allowing the user to search for specific terms used within the document through a search or find function), provided that diagrams, images and other non-textual elements will not be required to be word-searchable.

All submissions to the MSRB’s continuing disclosure service are to be made through password protected accounts on EMMA by: (i) issuers, which may submit any documents with respect to their municipal securities; (ii) obligated persons, which may submit any documents with respect to any municipal securities for which they are obligated; and (iii) agents, designated by issuers and obligated persons to submit documents and information on their behalf. Such designated agents are required to register to obtain password-protected accounts on EMMA in order to make submissions on behalf of the designating issuers or obligated persons. Any party identified in a continuing disclosure undertaking as a dissemination agent or other party responsible for disseminating continuing disclosure documents on behalf of an issuer or obligated person will be permitted to act as a designated agent for such issuer or obligated person, without a designation being made by the issuer or obligated person as described above, if such party certifies through the EMMA on-line account management utility that it is authorized to disseminate continuing disclosure documents on behalf of the issuer or obligated person under the continuing disclosure undertaking. The issuer or obligated person, through the EMMA on-

line account management utility, is able to revoke the authority of such party to act as a designated agent.

The MSRB's Internet-based electronic submitter interface (EMMA Dataport) is at www.emma.msrb.org.

EXHIBIT B

IDAHO BOND BANK AUTHORITY **Calculation to Determine Obligated Persons**

1. Pledged Sales Tax Revenues:

- a. Prior fiscal year's tax revenues – State tax anticipation notes = Available Pledged Sales Tax Revenues.

2. Permissible Aggregate Debt Service:

- a. Available Pledged Sales Tax Revenues ÷ 5 (pursuant to IBBA Policy) = Sales Tax Revenues Available for Annual Aggregate Debt Service of IBBA. IBBA bonds will not be issued if this amount is exceeded.

3. Obligated Person:

- a. The Amount of the Borrower's maximum annual debt service ("Maximum Annual Debt Service") for all its obligations to the IBBA based on type of revenue stream (e.g. wastewater treatment/sewer treatment) ÷ (annual aggregate debt service of all IBBA Borrowers (for the same year as Borrower's Maximum Annual Debt Service) + Sales Tax Revenues Available for Annual Aggregate Debt Service of the IBBA) = the Borrower's Percentage of Total Revenues Available for Payment of Debt Service.¹
- b. If the Borrower's Percentage of Total Revenues Available for Payment of Debt Service is equal to or greater than 10%, then the Borrower is deemed to be an Obligated Person for IBBA disclosure purposes.
- c. Calculations of percentages are done based on sales tax revenues for prior the fiscal year, most recent state tax anticipation notes and annual debt service payments for IBBA bonds and annual debt service payments of bonds guaranteed by State Guaranty. Calculations shall be done as of the date of pricing of the bonds.

¹ The IBBA Obligated Person Calculation does not account for the additional security of State Intercept Payments which comprise a portion of pledged revenues available for payment of debt service of IBBA bonds.