OFFICIAL STATEMENT
DATED March 1, 2017
Idaho Bond Bank Authority
$21,945,000 Revenue Bonds, Series 2017A
$8,000,000 Revenue Bonds, Series 2017B (Federally Taxable)

DATED: Date of Delivery ***DUE: September 15, as shown on the inside cover***

MOODY'S RATING—Aa1

BOOK ENTRY ONLY—The $21,945,000 Revenue Bonds, Series 2017A (the "**Series 2017A Bonds**") and the $8,000,000 Revenue Bonds, Series 2017B (Federally Taxable) (the "**Series 2017B Bonds**") will be issued by the Idaho Bond Bank Authority (the "**Authority**") of the State of Idaho (the "**State**") in fully registered form under a book-entry only system, registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("**DTC**"). DTC will act as initial securities depository for the Series 2017A Bonds and the Series 2017B Bonds. Individual purchases of the Series 2017A Bonds and the Series 2017B Bonds will be made in book-entry form through DTC in denominations of $5,000 or any integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2017A Bonds and the Series 2017B Bonds purchased.

ISSUER AND PURPOSE—The Authority is the issuer of the Series 2017A Bonds and the Series 2017B Bonds through the Idaho Bond Bank Authority Act, Title 67, Chapter 87, Idaho Code, as amended (the "**Act**") pursuant to a 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Bank National Association, which trustee was replaced by The Bank of New York Mellon Trust Company, N.A., which has now been replaced by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the "**Trustee**"), dated as of December 1, 2004 (the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**"). Proceeds of the Series 2017A Bonds will be used by the Authority to make loans (the "**Loan**" or "**Loans**") to the City of Bonners Ferry, the City of Cascade, the City of Heyburn, the City of Jerome, the City of Malad, the City of Twin Falls and the City of Weiser, each an Idaho municipality and political subdivision, and to the Eagle Sewer District, an Idaho water and sewer district, in order to refund certain bonds previously issued by the Participants (defined below) or by the Authority; and the proceeds of the Series 2017B Bonds will be used by the Authority to make a Loan to Power County, an Idaho county and political subdivision (collectively with the City of Bonners Ferry, the City of Cascade, the City of Heyburn, the City of Jerome, the City of Malad, the City of Twin Falls, the City of Weiser and the Eagle Sewer District, the "**Participants**") in order to fund the acquisition of certain water rights in Power County, Idaho, 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 March 1, 2017 (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.

THE SERIES 2017A BONDS AND THE SERIES 2017B BONDS AND THE LOANS—The Series 2017A Bonds and the Series 2017B Bonds are revenue bonds of the Authority. The Loans constitute loans from the Authority to the Participants. The Participants are required by their Loan Agreements with the Authority to issue and sell their promissory notes or bonds (the "**Municipal Bonds**") to the Authority as evidence of their Loan obligations and the payments due on the Municipal Bonds will be equal to the Repayment Installments, as described herein.

SECURITY—The Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds (collectively, the "**Revenues**"). Except for the City of Bonners Ferry's Loan to refund its Water Revenue Bond, 2009A, Water Revenue Bond, 2009B, and Water Revenue Bond, 2011, the Authority has determined that each Participant of the Series 2017A Bonds qualifies for a waiver of the debt reserve fund requirement as a result of debt service coverage from System Net Revenues, as more fully described herein, in excess of 1.50 times debt service on its Municipal Bonds. All of the Authority's Bonds, including the Series 2017A Bonds and the Series 2017B Bonds, are equally secured by a pledge of and charge and lien upon the Revenues held in trust as security for the payment of the interest on and principal of and redemption premiums, if any, on the Authority's Bonds, including the Series 2017A Bonds and the Series 2017B 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, 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 2017A Bonds and the Series 2017B Bonds. The pledge of and charge and lien upon State Sales Tax Revenues, however, is subordinate to State tax anticipation notes issued pursuant to Section 63-3202, Idaho Code, as amended. THE SERIES 2017A BONDS AND THE SERIES 2017B 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 2017A BONDS AND THE SERIES 2017B 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 2017A BONDS AND THE SERIES 2017B BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE LOANS, HOWEVER, FUNDED BY THE SERIES 2017A BONDS AND THE SERIES 2017B BONDS DO CONSTITUTE INDEBTEDNESS OF THE PARTICIPANTS WITHIN THE MEANING OF CONSTITUTIONAL AND STATUTORY LIMITATIONS OR RESTRICTIONS. Revenues for the Bonds, including the Series 2017A Bonds and the Series 2017B Bonds, include moneys intercepted by the Authority from moneys which may be due to the Participants from the State pursuant to Sections 63-3638 and 67-8727, Idaho Code (the "**State Intercept**"), to the extent such funds are lawfully available in accordance with Idaho Code 67-8725(2)(b), as defined herein.

PRINCIPAL AND INTEREST PAYMENTS—The principal of and premium, if any, and interest on the Series 2017A Bonds and the Series 2017B Bonds will be payable by the Trustee, solely from any amounts available in the funds and accounts established under the Loan Agreements and the Trust Agreement described herein, to DTC which, in turn, will remit such principal and interest to the DTC Participant, defined herein, for subsequent disbursement to the beneficial owners of the Series 2017A Bonds and the Series 2017B Bonds. Interest on the Series 2017A Bonds and the Series 2017B Bonds will be payable on September 15, 2017, and semiannually thereafter on March 15 and September 15 of each year until maturity or redemption.

MATURITY SCHEDULE—SEE INSIDE COVER

REDEMPTION—The Series 2017A Bonds and the Series 2017B Bonds are subject to redemption as further described herein.

TAX MATTERS—In the opinion of Skinner Fawcett LLP, Bond Counsel to the Authority ("**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 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from State of Idaho personal income taxes. Interest on the Series 2017B Bonds is included in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, but is exempt from State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2017A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes,

although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2017A Bonds. See "**LEGAL AND TAX MATTERS**."

DELIVERY— The Series 2017A and the Series 2017B Bonds are offered for sale to Piper Jaffray & Co. (the "**Underwriter**") subject to receiving the final approving legal opinion of Skinner Fawcett LLP as Bond Counsel to the Authority, and certain other conditions. Certain legal matters with respect to the Loan Agreements will be passed on for the Participants by Hawley Troxell Ennis & Hawley LLP, Boise, Idaho, MSBT Law, Chtd., Boise, Idaho, and Witherspoon Brajcich McPhee, PLLC, Spokane, Washington. It is expected that the Series 2017A Bonds and the Series 2017B Bonds will be available for delivery to the Trustee for Fast Automated Securities Transfer on behalf of DTC on March 15, 2017 (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PIPER JAFFRAY

Idaho Bond Bank Authority
Revenue Bonds, Series 2017A and
Series 2017B (Federally Taxable)

DATED: Date of Delivery **DUE: As shown below**

Maturity Schedules—

$21,945,000 Revenue Bonds, Series 2017A

Due September 15	Principal Amount	Interest Rate	Yield	CUSIP #451152†
2017	$355,000	2.00%	0.82%	T51
2018	1,000,000	3.00	1.01	T69
2019	1,660,000	4.00	1.17	T77
2020	1,725,000	5.00	1.34	T85
2021	1,800,000	5.00	1.55	T93
2022	1,905,000	5.00	1.79	U26
2023	1,955,000	5.00	2.03	U34
2024	2,050,000	5.00	2.25	U42
2025	1,230,000	5.00	2.40	U59
2026	1,300,000	5.00	2.53	U67
2027	1,095,000**	5.00	2.63	U75
2028	575,000**	4.00	2.87	U83
2031	655,000**	4.00	3.27	V33
2032	675,000**	4.00	3.40	V41
2033	530,000**	4.00	3.47	V58

$1,225,000**, 4.00% Term Bonds due September 15, 2030 @ 3.11%Yield, CUSIP# 451152 V25
$1,730,000**, 4.00% Term Bonds due September 15, 2037 @ 3.70%Yield, CUSIP# 451152 V90
$480,000, 3.75% Term Bonds due September 15, 2040 @ 3.88%Yield, CUSIP# 451152 W40

**Priced to the first call date of March 15, 2027.

† *The CUSIP numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Rating (S&P). CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the Authority, the Underwriter nor the Financial Advisor take any responsibility for the accuracy of such CUSIP numbers.*

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.

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$8,000,000 Revenue Bonds, Series 2017B (Federally Taxable)

Due September 15	Principal Amount	Interest Rate	Yield	CUSIP #451152†
2018	$155,000	3.00%	1.45%	W65
2019	160,000	3.50	1.60	W73
2020	165,000	3.50	1.95	W81
2021	175,000	3.50	2.25	W99
2022	180,000	3.75	2.50	X23
2023	185,000	3.75	2.75	X31
2024	190,000	3.75	2.95	X49
2025	200,000	3.75	3.15	X56
2026	210,000	3.75	3.30	X64
2027	215,000 **	3.75	3.40	X72

$1,205,000, 3.80% Term Bonds due September 15, 2032 @ 3.80%Yield, CUSIP# 451152 Y48
$1,460,000, 4.00% Term Bonds due September 15, 2037 @ 4.00%Yield, CUSIP# 451152 Y97
$3,500,000, 4.25% Term Bonds due September 15, 2046 @ 4.25%Yield, CUSIP# 451152 2A9

**Priced to the first call date of March 15, 2027.

† *The CUSIP numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Rating (S&P). CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change.. Neither the Authority, the Underwriter nor the Financial Advisor take any responsibility for the accuracy of such CUSIP numbers.*

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Idaho Bond Bank Authority

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Boise, Idaho 83702
(208) 332-2989
IBBA@sto.Idaho.gov

Board Members

Ron Crane	Chairman
Marv Hagedorn	Member
John Vander Woude	Member
Seth Grigg	Member
Len Crosby	Member

Administrators

Jace Perry	Executive Director
Edelene Ohman	Treasurer
Kerree Wiley	Secretary

Series 2017A Participants

City of Bonners Ferry, Boundary County, Idaho
City of Cascade, Valley County, Idaho
City of Heyburn, Minidoka County, Idaho
City of Jerome, Jerome County, Idaho
City of Malad, Oneida County, Idaho
City of Twin Falls, Twin Falls County, Idaho
City of Weiser, Washington County, Idaho
Eagle Sewer District, Ada County, Idaho

Series 2017B Participant

Power County, Idaho

Bond Counsel to the Authority

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(208) 345-2663

Bond Counsel to
City of Heyburn, Minidoka County, Idaho
City of Jerome, Jerome County, Idaho
City of Malad, Oneida County, Idaho
City of Weiser, Washington County, Idaho
and Eagle Sewer District, Ada County, Idaho

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City of Cascade, Valley County, Idaho
City of Twin Falls, Twin Falls County, Idaho
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City of Bonners Ferry, Boundary County, Idaho

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Spokane, Washington
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Trustee

Zions Bank, a division of ZB,
National Association
Seattle, Washington
(206) 438-1263

Financial Advisor

Western Financial Group, LLC,
a wholly-owned subsidiary of
PFM Financial Advisers LLC
Portland, Oregon
(503) 719-6113

Municipal Advisor to
City of Cascade, Valley County, Idaho; City of Heyburn, Minidoka County, Idaho; City of Jerome, Jerome County, Idaho; City of Malad, Oneida County, Idaho; City of Twin Falls, Twin Falls County, Idaho; City of Weiser, Washington County, Idaho; Eagle Sewer District, Ada County, Idaho; and Power County, Idaho

Zions Public Finance, Inc.
Boise, Idaho
(208) 501-7533

*This Official Statement does not constitute an offer to sell the Series 2017A Bonds and the Series 2017B Bonds in any jurisdiction in which or to a person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by the Authority, the Participants, the Underwriter, or Western Financial Group, LLC (the "**Financial Advisor**") to give any information or to make any representations, other than those contained herein, in connection with the offering of the Series 2017A Bonds and the Series 2017B Bonds and, if given or made, such information or representations must not be relied upon. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create an implication that there has been no change in the affairs of the Participants or the Authority since the date hereof. This Official Statement is not to be construed as a contract with the Underwriter of the Series 2017A Bonds and the Series 2017B Bonds.*

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as "projected," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

The prices at which the Series 2017A Bonds and Series 2017B Bonds are offered to the public by the Underwriter (and the yields resulting therefrom) may vary from the initial public offering price appearing on this inside cover page thereof. In addition, the Underwriter may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with the offering of the Series 2017A Bonds and Series 2017B Bonds, the Underwriter may affect transactions that stabilize or maintain the market price of the 2017A Bonds and Series 2017B Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing if commenced may be discontinued at any time.

This Official Statement has been or will be "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.

No website mentioned in this Official Statement is intended to be part of this Official Statement, and investors should not rely upon any other information presented on any such website in determining whether to purchase the Series 2017A Bonds and Series 2017B Bonds. Inactive textual references to any website are not hyperlinks and do not incorporate such website by reference.

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OFFICIAL STATEMENT Idaho Bond Bank Authority

$21,945,000 Revenue Bonds, Series 2017A

$8,000,000 Revenue Bonds, Series 2017B (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
Ron Crane, Chair	State Treasurer	01/05/2019(1)
Marv Hagedorn	State Senator	11/30/2018(2)
John Vander Woude	State Representative	11/30/2018(3)
Seth Grigg	Executive Director, Association of Idaho Cities	07/01/2020(4)
Len Crosby	Vice President, Community 1st Bank	07/01/2020(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. Mr. Crane was re-elected to a fifth four-year term as State Treasurer on November 4, 2014, and his current term expires January 5, 2019.
(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 residents of the State who are qualified voters to a four-year term.

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Jace Perry, Executive Director
Jace Perry was appointed Executive Director of the Authority in June 2013. For the previous 4 years Mr. Perry served as the secretary to the Idaho Bond Bank Board where he oversaw the accounting including the preparation of the annual audited financial statements while being involved in the day to day activity. He is also the Investment Accountant for the Idaho State Treasurer's Office. In his capacity as Investment Accountant, he manages the accounting for the Investment division of the Treasurer's Office including the accounting for the Local Government Investment Pool, Diversified Bond Fund and the State's internal investments. Mr. Perry holds a Bachelor's in Accounting from Brigham Young University – Idaho and is a licensed Certified Public Accountant and Chartered Global Management Accountant.

Edelene Ohman, Treasurer
Edelene Ohman was appointed Treasurer of the Authority in July of 2016. 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. 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 also sits as the Treasurer's representative as the Chair of the Board for the Idaho College Savings Program. 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.

Kerree Wiley, Secretary
Kerree Wiley is a banking specialist in the Idaho State Treasurer's office. Ms. Wiley 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 $21,945,000 aggregate principal amount Idaho Bond Bank Authority Revenue Bonds, Series 2017A (the "**Series 2017A Bonds**") and the issuance of $8,000,000 aggregate principal amount of Idaho Bond Bank Authority Revenue Bonds, Series 2017B (Federally Taxable) (the "**Series 2017B Bonds**") pursuant to a 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 Bank, a division of ZB, National Association, formerly known as Zions First National Bank (the "**Trustee**"). The Master Trust Agreement has been supplemented twenty-six times and a twenty-seventh supplemental trust agreement between the Authority and the Trustee is expected to be dated as of March 1, 2017 (the "**Twenty-Seventh 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 Idaho municipalities shown on the inside cover page of this Official Statement (the "**Participants**"), the loans acquired by the Authority, as further described herein, and the Series 2017A Bonds and the Series 2017B 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 twenty-eight series of pooled revenue bonds as shown below and related loans described in **Appendix F** (the "**Outstanding Bonds**"). The following table provides information on the Outstanding Bonds, the Series 2017A Bonds, and the Series 2017B Bonds:

Outstanding Idaho Bond Bank Authority Revenue Bonds
(As of March 1, 2017)

Pooled Financing Bonds	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
Series 2004A	12/1/2004	9/01/2022	$11,070,000	$1,765,000
Series 2006B	11/30/2006	9/15/2036	9,780,000	1,015,000**
Series 2007A	11/1/2007	9/15/2027	11,700,000	1,940,000
Series 2007B	11/1/2007	9/15/2017	145,000	15,000
Series 2008A	4/1/2008	9/15/2037	14,625,000	1,715,000**
Series 2008B	5/15/2008	9/15/2029	7,095,000	5,920,000
Series 2008C	11/12/2008	9/15/2038	23,360,000	1,130,000
Series 2008D	11/12/2008	9/15/2023	320,000	90,000
Series 2008E	11/22/2008	9/15/2028	27,820,000	1,940,000
Series 2009A	1/26/2009	9/15/2028	48,795,000	3,590,000
Series 2009B	5/28/2009	9/15/2024	10,255,000	665,000**
Series 2009C	11/3/2009	9/15/2029	9,665,000	6,930,000
Series 2010A	4/1/2010	9/15/2025	18,595,000	12,410,000
Series 2010B	11/9/2010	9/15/2040	28,490,000	26,010,000
Series 2010C	12/8/2010	9/15/2025	10,000,000	6,525,000
Series 2011A	8/31/2011	9/15/2027	10,670,000	7,495,000
Series 2012A	2/1/2012	9/15/2033	11,860,000	9,715,000
Series 2012B	6/21/2012	9/15/2041	21,625,000	18,215,000
Series 2012C	10/11/2012	9/15/2027	17,360,000	11,600,000
Series 2012D	12/20/2012	9/15/2038	66,340,000	53,055,000
Series 2013A	6/5/2013	9/15/2042	4,990,000	3,395,000
Series 2013B	8/20/2013	9/15/2038	12,865,000	11,845,000
Series 2014A	2/12/2014	9/15/2038	51,600,000	47,920,000
Series 2014B	04/17/2014	9/15/2034	5,545,000	5,350,000
Series 2014C	11/18/2014	9/15/2034	13,415,000	13,130,000
Series 2015A	3/05/2015	9/15/2034	22,315,000	21,255,000
Series 2015B	9/2/2015	9/15/2038	20,560,000	20,540,000
Series 2017A(1)	3/15/2017	9/15/2040	21,945,000	21,945,000
Series 2017B(1)	3/15/2017	9/15/2046	8,000,000	8,000,000
Total Pooled			$520,805,000	$325,120,000

(1) This issue.

*** Assumes defeasance of Refunded Bonds.*

Source: Idaho Bond Bank Authority.

Authority for Issuance of the Series 2017A Bonds and the Series 2017B Bonds

The Series 2017A Bonds and Series 2017B 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 2017A Bonds and Series 2017B Bonds are to be applied by the Authority to acquire the loans (the "**Loans**") made by the Authority pursuant to the Act to the Participants. Prior to the Date of Delivery, the Participants are required to have issued and sold notes or bonds (the "**Municipal Bonds**") to the Authority as evidence of the Participants' Loan obligations.

Except for the City of Jerome, Jerome County, Idaho, the City of Twin Falls, Twin Falls County, Idaho, and the Eagle Sewer District, Ada County, Idaho, the underlying prior obligations of the 2017A Participants were

authorized by the requisite number of qualified voters voting in elections called for such purposes.

The underlying prior obligations of the City of Jerome, Jerome County, Idaho, the City of Twin Falls, Twin Falls County, Idaho, and the Eagle Sewer District, Ada County, Idaho, were judicially confirmed in accordance with the Judicial Confirmation Law.

The underlying obligations of the 2017B Participant was authorized by the requisite number of qualified voters voting in the election called for such purpose.

Principal Amounts, Date, Interest Rates and Maturities

The Series 2017A Bonds will be issued in the combined aggregate principal amount of $21,945,000, and the Series 2017B Bonds will be issued in the combined aggregate principal amount of $8,000,000. The Series 2017A Bonds and the Series 2017B 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 2017A Bonds and Series 2017B Bonds will be payable on September 15, 2017, 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**").

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Idaho Bond Bank Authority
Revenue Bonds
Debt Service Schedule

Fiscal Year[1]	Outstanding Revenue Bond Debt Service	Series 2017A Revenue Bonds Principal	Series 2017A Revenue Bonds Interest	Series 2017B Revenue Bonds Principal	Series 2017B Revenue Bonds Interest	Total Aggregate Debt Service
2017	$32,870,825	$ -	$ -	$ -	$ -	$32,870,825
2018	31,480,200	355,000	986,550	-	319,340	33,141,090
2019	31,772,161	1,000,000	968,000	155,000	317,015	34,212,176
2020	27,038,683	1,660,000	919,800	160,000	311,890	30,090,373
2021	26,260,173	1,725,000	843,475	165,000	306,203	29,299,851
2022	26,145,342	1,800,000	755,350	175,000	300,253	29,175,944
2023	25,779,044	1,905,000	662,725	180,000	293,815	28,820,584
2024	24,487,360	1,955,000	566,225	185,000	286,971	27,480,556
2025	23,952,477	2,050,000	466,100	190,000	279,940	26,938,517
2026	24,474,139	1,230,000	384,100	200,000	272,628	26,560,867
2027	20,480,985	1,300,000	320,850	210,000	264,940	22,576,775
2028	19,911,398	1,095,000	260,975	215,000	256,971	21,739,344
2029	17,563,286	575,000	222,100	225,000	248,665	18,834,051
2030	17,277,220	600,000	198,600	230,000	240,020	18,545,840
2031	15,438,548	625,000	174,100	240,000	231,090	16,708,738
2032	15,411,333	655,000	148,500	250,000	221,780	16,686,613
2033	14,563,567	675,000	121,900	260,000	212,090	15,832,557
2034	13,709,979	530,000	97,800	270,000	201,750	14,809,529
2035	9,354,579	460,000	78,000	280,000	190,750	10,363,329
2036	6,372,226	475,000	59,300	290,000	179,350	7,375,876
2037	6,337,248	495,000	39,900	305,000	167,450	7,344,598
2038	6,295,712	300,000	24,000	315,000	155,050	7,089,762
2039	6,163,596	155,000	15,094	330,000	141,738	6,805,427
2040	2,357,806	160,000	9,188	340,000	127,500	2,994,494
2041	2,315,494	165,000	3,094	355,000	112,731	2,951,319
2042	626,600			370,000	97,325	1,093,925
2043	1,017,500			385,000	81,281	1,483,781
2044				405,000	64,494	469,494
2045				420,000	46,963	466,963
2046				440,000	28,688	468,688
2047				455,000	9,669	464,669
Total	$449,457,481	$21,945,000	$8,325,725	$8,000,000	$5,968,348	$493,696,553

NOTE: Columns may not foot due to rounding.

(1) The Authority's Fiscal Year begins July 1 and ends June 30.

Sources and Uses of Funds

The proceeds of the Series 2017A Bonds and the Series 2017B Bonds are to be applied by or on behalf of the Authority to loan to the Participants in the amount identified in the Participants' Loan Agreements. See **Appendix F** for additional information.

The proceeds of the Series 2017A Bonds are being used to currently refund and redeem certain outstanding bonds of the 2017A Participants and the Authority (the "**Currently Refunded Bonds**") and are also being used to advance refund and redeem certain outstanding bonds of the Authority (the "**Advance Refunded Bonds**") (collectively, the Current Refunded Bonds and the Advance Refunded Bonds are 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 2017A Participants with IBBA Loans. Depending on market conditions on the pricing date and resulting savings available as a result of the advanced 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 AUTHORITY BONDS

Series Designation of Refunded Bonds[1]	Principal Amount	Maturities	Redemption Date	CUSIP[2] 451152
Revenue Bonds, Series 2006B	$105,000.00	9/15/2017	3/15/2017	CQ3
Revenue Bonds, Series 2006B	110,000.00	9/15/2018	3/15/2017	CR1
Revenue Bonds, Series 2006B	115,000.00	9/15/2019	3/15/2017	CS9
Revenue Bonds, Series 2006B	120,000.00	9/15/2020	3/15/2017	CT7
Revenue Bonds, Series 2006B	850,000.00	9/15/2026[3]	3/15/2017	CZ3
Revenue Bonds, Series 2006B	725,000.00	9/15/2030[3]	3/15/2017	DD1
Revenue Bonds, Series 2006B	1,355,000.00	9/15/2036[3]	3/15/2017	DK5
Total	**$3,380,000.00**			

(1) All Refunded Bonds subject to call are callable at a price of par on the redemption date.
(2) Because the entire maturities of the Revenue Bonds, Series 2006B will not be currently refunded, there will remain outstanding certain Bonds under these CUSIPs.
(3) Term Bond.

DETAILS OF THE CURRENT REFUNDING OF CITY OF BONNERS FERRY BONDS

Series Designation of Refunded Bonds[1]	Principal Amount	Maturities	Redemption Date	CUSIP
Hydroelectric Revenue and Refunding Bonds Series 2005	$350,000.00	9/1/2020[2]	3/15/2017	098400 AR5
Hydroelectric Revenue and Refunding Bonds Series 2005	430,000.00	9/1/2024[2]	3/15/2017	098400 AV6
Total	**$780,000.00**			
Water Revenue Bond, 2009A	**$1,296,388.22**[3]	9/10/2039	3/15/2017	N/A
Water Revenue Bond, 2009B	**$434,559.82**[3]	9/10/2039	3/15/2017	N/A
Water Revenue Bond, 2011	**$905,304.30**[3]	3/18/2041	3/15/2017	N/A

(1) All Refunded Bonds subject to call are callable at a price of par on the redemption date.
(2) Term Bond.
(3) Principal amounts are subject to change upon USDA-RD confirmation.

DETAILS OF THE CURRENT REFUNDING OF CITY OF MALAD BONDS

Series Designation of Refunded Bonds[1]	Principal Amount[2]	Maturity	Redemption Date	CUSIP
USDA Water Revenue Bond, Series 2009	**$1,743,646.71**	7/28/2039	3/15/2017	N/A

(1) All Refunded Bonds subject to call are callable at a price of par on the redemption date.
(2) Principal amount is subject to change upon USDA-RD confirmation.

DETAILS OF THE CURRENT REFUNDING OF CITY OF WEISER BONDS

Series Designation of Refunded Bonds[1]	Principal Amount[2]	Maturities	Redemption Date	CUSIP
USDA Water Revenue Bond, Series 2003	**$718,577.40**	12/23/2033	3/15/2017	N/A
USDA Water Revenue Bond, Series 2007	**$1,017,711.21**	3/23/2037	3/15/2017	N/A

(1) All Refunded Bonds subject to call are callable at a price of par on the redemption date.
(2) Principal amounts are subject to change upon USDA-RD confirmation.

DETAILS OF THE ADVANCE REFUNDING OF AUTHORITY BONDS

Series Designation of Refunded Bonds[1]	Principal Amount	Maturities	Redemption Date	CUSIP 451152[2]
Revenue Bonds, Series 2008A	$1,945,000.00	9/15/2021[3]	9/15/2018	FF4
Revenue Bonds, Series 2008A	3,890,000.00	9/15/2026[3]	9/15/2018	FL1
Revenue Bonds, Series 2008A	2,895,000.00	9/15/2037[3]	9/15/2018	FX5
Total	**$8,730,000.00**			
Revenue Bonds, Series 2009B	$685,000.00	9/15/2018	9/15/2017	LW0
Revenue Bonds, Series 2009B	710,000.00	9/15/2019	9/15/2017	LX8
Revenue Bonds, Series 2009B	735,000.00	9/15/2020	9/15/2017	LY6
Revenue Bonds, Series 2009B	770,000.00	9/15/2021	9/15/2017	LZ3
Revenue Bonds, Series 2009B	800,000.00	9/15/2022	9/15/2017	MA7
Revenue Bonds, Series 2009B	830,000.00	9/15/2023	9/15/2017	MB5
Revenue Bonds, Series 2009B	865,000.00	9/15/2024	9/15/2017	MC3
Total	**$5,395,000.00**			

(1) All Refunded Bonds subject to call are callable at a price of par on the redemption date.
(2) Because the entire maturities of the Revenue Bonds, Series 2008A and the Revenue Bonds, Series 2009B will not be advanced refunded, there will remain outstanding certain Bonds under these CUSIPs.
(3) Term Bond.

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Refunding Plan. $10,438,008.11 of the net proceeds from the sale of the Series 2017A Bonds will be used to redeem the Currently Refunded Bonds and $14,690,226.57 of the net proceeds from the sale of the Series 2017A Bonds will be deposited in an escrow fund or account (the "**Escrow Fund**") and used to defease and refund the Advance Refunded Bonds, together with other legally available funds, to deposit cash and to purchase Escrow Obligations (as defined below) to be held by Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank, as escrow agent (the "**Escrow Agent**") under an escrow agreement (the "**Escrow Agreement**"), dated as of March 1, 2017, between the Authority and the Escrow Agent. Funds deposited in the 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 "**Escrow Obligations**"). The 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 Escrow Obligations, together with an initial cash deposit, to pay the redemption price of and interest on the Advance Refunded Bonds and (b) the actuarial yields on the Series 2017A Bonds and the Escrow Obligations. Such verifications have been relied upon by the Authority's Bond Counsel to support its conclusion that the Series 2017A Bonds are not "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986.

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The proceeds of the Series 2017A Bonds are expected to be applied as follows:

Series 2017A Bonds
Sources and Uses of Funds

Sources of Funds	**Amount**
Par Amount:	$21,945,000.00
Net Original Issue Premium:	2,710,948.05
Prior Debt Service Reserve Fund for City of Bonners Ferry (Hydroelectric Revenue and Refunding Bond):	190,403.00
Unspent Proceeds of City of Bonners Ferry (Hydroelectric Revenue and Refunding Bond):	55,055.00
Prior Debt Service Reserve Fund for City of Cascade:	262,143.76
Prior Debt Service Reserve Fund for Eagle Sewer District:	59,000.00
Prior Debt Service Reserve Fund for City of Heyburn:	200,525.00
Prior Debt Service Reserve Fund for City of Jerome:	42,500.00
City of Malad Contribution:	120,000.00
Prior Debt Service Reserve Fund for City of Weiser:	134,800.00
Total Sources of Funds:	$25,720,374.81
Uses of Funds	
Deposit to Escrow Fund for Eagle Sewer District:	$4,096,662.86
Prior Debt Service Reserve Fund for Eagle Sewer District:	59,000.00
Deposit to Escrow Fund for City of Heyburn:	2,525,096.52
Prior Debt Service Reserve Fund for City of Heyburn:	15,000.00
Deposit to Escrow Fund for City of Jerome:	2,587,615.90
Prior Debt Service Reserve Fund for City of Jerome:	42,500.00
Deposit to Escrow Fund for City of Twin Falls:	5,480,851.29
Redemption at Bond Closing for Currently Refunded Bonds of the City of Bonners Ferry (Water Revenue Refunding Bond):	2,702,898.76
Redemption at Bond Closing for Currently Refunded Bonds of the City of Bonners Ferry (Hydroelectric Revenue and Refunding Bond):	781,526.19
Redemption at Bond Closing for Currently Refunded Bonds of the City of Cascade:	3,380,000.00
Redemption at Bond Closing for Currently Refunded Bonds of the City of Malad:	1,788,969.57
Redemption at Bond Closing for Currently Refunded Bonds of the City of Weiser:	1,784,613.59
IBBA Costs of Issuance:	152,699.25
Borrower Costs of Issuance:	210,015.00
Underwriter's Discount:	56,342.50
Idaho Bond Bank Authority Administrative Fee:	25,770.75
Rounding Amounts:	30,812.63
Total Uses of Funds:	$25,720,374.81

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The proceeds of the Series 2017B Bonds are being used by Power County, Idaho, to finance the acquisition of certain water rights within Power County, Idaho.

The proceeds of the Series 2017B Bonds are expected to be applied as follows:

Series 2017B Bonds
Sources and Uses of Funds

Sources of Funds	**Amount**
Par Amount	$8,000,000.00
Net Original Issue Premium:	84,364.10
Power County Contribution:	85,000.00
Total Sources of Funds:	$8,169,364.10
Uses of Funds	
Deposit to Project Fund for Acquisition of Water Rights:	$8,000,000.00
IBBA Costs of Issuance:	71,631.25
Borrower Costs of Issuance:	49,100.00
Underwriter's Discount:	34,768.75
Idaho Bond Bank Authority Administrative Fee:	13,468.35
Rounding Amounts:	395.75
Total Uses of Funds:	$8,169,364.10

The Trustee

The Authority has appointed Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank, a national banking association organized under the laws of the United States, to serve as Trustee for the Series 2017A Bonds and the Series 2017B Bonds, which replaced The Bank of New York Mellon Trust Company, N.A., which replaced U.S. Bank National Association as Trustee under the Trust Agreement effective March 1, 2017. 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 2017A Bonds and Series 2017B Bonds authenticated or delivered pursuant to the Trust Agreement or for the use or application of the proceeds of such Series 2017A Bonds and Series 2017B Bonds by the Authority. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Series 2017A Bonds and Series 2017B 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 2017A Bonds and Series 2017B Bonds, the technical or financial feasibility of the Projects, or the investment quality of the Series 2017A Bonds and Series 2017B 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/trust-service-bf.jsp. 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds. Individual purchases and sales of the Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds.

The ownership of one fully registered certificate for each maturity of the Series 2017A Bonds and the Series 2017B Bonds, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of the Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds, as further described in **Appendix C** attached hereto.

Notwithstanding any other provision to the contrary, so long as all Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds and all notices with respect to each such Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds will be transferable upon receipt by the Trustee from the registered owner thereof of the Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds. If the Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds to the Trustee at its corporate trust operations office in Seattle, Washington.

Any Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Series 2017A Bonds and the Series 2017B Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and deliver to the transferee a new Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds

Authority for Issuance and Use of Proceeds of the Series 2017A Bonds and the Series 2017B Bonds

An authorizing resolution was approved by the governing body of the Authority (the "**Bond Resolution**").

The Bond Resolution authorizes the Authority to execute loan agreements with the Participants dated as of March 1, 2017 (collectively, the "**Loan Agreements**"). The Loan Agreements and Municipal Bonds for all Participants except Power County, Idaho are payable from System Net Revenues. The Loan Agreement for Power County, Idaho is payable from *ad valorem* property tax levies. See "**Loan Agreements for the Series 2017A Bonds and the Series 2017B Bonds**" herein.

The proceeds of the Series 2017A Bonds and the Series 2017B Bonds are to be applied by the Authority to acquire the Loans of the Participants. Interest and principal payments due on the Participants' Municipal Bonds will equal the interest components and principal components of such Participants' Loan Agreements with the Authority ("**Repayment Installments**").

Security and Sources of Payment of the Series 2017A Bonds and the Series 2017B Bonds

The Bonds, including the Series 2017A Bonds and the Series 2017B 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, defined herein, 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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.

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 2017A Bonds and the Series 2017B Bonds. See "**STATE SALES TAX ACCOUNT**" and "**STATE INTERCEPT PAYMENTS**" herein.

The Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds do not constitute indebtedness within the meaning of any constitutional or statutory limitation or restriction. The Loans, however, funded by the Series 2017A Bonds and the Series 2017B Bonds do constitute indebtedness of the Participants within the meaning of constitutional and statutory limitations or restrictions.

Loan Agreements for the Series 2017A Bonds and the Series 2017B Bonds

Loan Agreement - Municipal Bonds Payable from System Net Revenues. The Participants shall issue Municipal Bonds payable from System Net Revenues. More detailed summaries of certain terms of the Loan Agreement for each Participant is set forth in **Appendix E** hereto. A brief summary thereof is set forth below:

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.

Revenue Pledge. The System Net Revenues, as herein defined, are pledged by the Participants of the 2017A Bonds with System Net Revenues for the prompt payment of the Repayment Installments and other amounts due.

Loan Agreement – Municipal Bond Payable from Levy of Ad Valorem General Property Taxes. A more detailed summary of certain terms of this Loan Agreement is set forth in **Appendix E** hereto. The Participant with Municipal Bonds payable from *Ad Valorem* property taxes is Power County, Idaho. A brief summary thereof is set forth below:

> *Bond Fund*. Each Participant whose Loan Agreement and Municipal Bond is 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.

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 is 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 each 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.

Reserve Fund. Except for the City of Bonners Ferry Loan to refund its Water Revenue Bond, 2009A, Water Revenue Bond, 2009B, and Water Revenue Bond, 2011, each Participant of the Series 2017A Bonds qualifies 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 Bonners Ferry previously established and was funding a debt service reserve fund for its Water Revenue Bond, 2009A, Water Revenue Bond, 2009B and Water Revenue Bond, 2011, and the funds therein shall be transferred into the Reserve Fund for the Loan secured by water revenue. The City of Bonners Ferry, Idaho, shall continue to fund the Reserve Fund for the Loan secured by water revenue by making annual contributions from City funds in the amount of not less than $17,705.00 per Fiscal Year; provided that at no time shall the amount in said Reserve Fund exceed the Reserve Requirement as provided in the Loan Agreement. The Reserve Requirement shall be fully funded by December 31, 2021.

Power County, Idaho, is 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.

Other Provisions of Loan Agreements. 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 Series 2017A Bonds and the Series 2017B Bonds, not the Loan obligations. If interceptable funds are used to pay the 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds

Optional Redemption. The Series 2017A Bonds and the Series 2017B Bonds maturing prior to September 15, 2027, are not subject to optional redemption. The Series 2017A Bonds and the Series 2017B Bonds maturing on and after September 15, 2027, 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 March 15, 2027, and among such maturities as are designated by the Authority to the Trustee, at the price of par, plus accrued interest, if any, to the date of redemption.

As provided in the Loan Agreement, a Participant may prepay its Repayment Installments at the times the Series 2017A Bonds and the Series 2017B Bonds may be redeemed. The principal component of the Repayment Installments to be prepaid by the Participant is required to correspond in amount and maturity date to the Series 2017A Bonds and the Series 2017B Bonds related to the Participant's Loan Agreement. Under no circumstances may the Participant prepay its Repayment Installments prior to the optional redemption dates associated with the Series 2017A Bonds and the Series 2017B Bonds, as described in Participant's Loan Agreement.

Selection of Series 2017A Bonds and the Series 2017B Bonds for Redemption. If fewer than all of the 2017A Bonds and the Series 2017B 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. The Term Bond for the Series 2017A Bonds stated to mature on September 15, 2030, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

Year (September 15)	**Amount**
2029	$600,000
2030*	$625,000

*Final maturity.

The Term Bond for the Series 2017A Bonds stated to mature on September 15, 2037, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

Year (September 15)	**Amount**
2034	$460,000
2035	$475,000
2036	$495,000
2037*	$300,000

*Final maturity.

The Term Bond for the Series 2017A Bonds stated to mature on September 15, 2040, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

Year (September 15)	**Amount**
2038	$155,000
2039	$160,000
2040*	$165,000

*Final maturity.

The Term Bond for the Series 2017B Bonds stated to mature on September 15, 2032, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

Year (September 15)	Amount
2028	$225,000
2029	$230,000
2030	$240,000
2031	$250,000
2032*	$260,000

*Final maturity.

The Term Bond for the Series 2017B Bonds stated to mature on September 15, 2037, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

Year (September 15)	Amount
2033	$270,000
2034	$280,000
2035	$290,000
2036	$305,000
2037*	$315,000

*Final maturity.

The Term Bond for the Series 2017B Bonds stated to mature on September 15, 2046, is subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedule:

Year (September 15)	Amount
2038	$330,000
2039	$340,000
2040	$355,000
2041	$370,000
2042	$385,000
2043	$405,000
2044	$420,000
2045	$440,000
2046*	$455,000

*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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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, including the Participants under the Series 2017A Bonds and the Series 2017B Bonds, and therefore, there are 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**").

The Authority filed its Supplemental Information for Fiscal Year 2011, which was due on December 31, 2011, on February 13, 2012. The Authority discovered this late filing in the spring of 2014 and has filed with the MSRB a notice of its failure to file the Fiscal Year 2011 Supplemental Information on a timely basis.

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"). The SEC has not pursued the remedies outlined in the MCDC Initiative, yet no assurance can be made whether the SEC will or will not pursue remedies outlined in the MCDC Initiative in the future.

The Authority has developed additional procedures in the Policy to help ensure that its continuing disclosure obligations are complied with in all material respects. Other than as described above, the Authority believes that

it is currently in compliance in all material respects with each of its previous continuing disclosure undertakings for the previous five (5) years.

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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017A Bonds and the Series 2017B Bonds and their market price.

Security for the Series 2017A Bonds and the Series 2017B Bonds

General

The Bonds including the Series 2017A Bonds and the Series 2017B 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 Series 2017A Bonds and the Series 2017B Bonds are paid in full. All of the Bonds, including the Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 -- SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE FORM OF LOAN AGREEMENT**" attached hereto.

THE SERIES 2017A BONDS AND THE SERIES 2017B 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 2017A BONDS AND THE SERIES 2017B 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 2017A BONDS AND THE SERIES 2017B BONDS DO NOT CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION. THE LOANS, HOWEVER, FUNDED BY THE SERIES 2017A BONDS AND THE SERIES 2017B BONDS DO CONSTITUTE INDEBTEDNESS OF THE PARTICIPANTS 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 -- SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE FORM OF LOAN AGREEMENT -- Additional Bonds**."

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 -- SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE FORM OF LOAN AGREEMENT**."

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 2017A Bonds and the Series 2017B Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Series 2017A Bonds and the Series 2017B Bonds on such Interest Payment Date.

At least 15 days before each September 15, commencing September 15, 2017, 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 Outstanding 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 2017A Bonds and the Series 2017B Bonds is at least equal to the aggregate amount of the principal of all Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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.

In the event a Participant fails to make Repayment Installment Payments sufficient to make full payment of principal of and interest on the Series 2017A Bonds and the Series 2017B Bonds by the 10th day prior to the Payment Date of the Series 2017A Bonds and the Series 2017B 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 Series 2017A Bonds and the Series 2017B 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 5 days prior to the Payment Date of the Series 2017A Bonds and the Series 2017B 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 Series 2017A Bonds and the Series 2017B 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 Series 2017A Bonds and the Series 2017B Bonds until there are sufficient amounts on deposit to pay principal of and interest on the Series 2017A Bonds and the Series 2017B 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 Authority has twenty-seven series of revenue bonds outstanding that are on parity with the Series 2017A Bonds and the Series 2017B Bonds with respect to the pledge of the State Sales Tax Revenue: the Series 2004A Bonds, the Series 2006B Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2008A, the Series 2008B Bonds, the Series 2008C Bonds, the Series 2008D Bonds, the Series 2008E Bonds, the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009C Bonds, the Series 2010A Bonds the Series 2010B Bonds, the Series 2010C 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 (together with the Series 2017A Bonds and the Series 2017B Bonds, the "**Outstanding Bonds**").

Appendix F attached hereto summarizes the outstanding IBBA Loans including the original amount of each IBBA Loan, the balance outstanding on each, 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 2017 of each, the percentage of each of total payment for the Outstanding Bonds for Fiscal Year 2017 and Pledged Revenues related to each IBBA Loan Agreement.

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 issued $500,000,000 of Tax Anticipation Notes, Series 2016 (the "Series 2016 TAN"), on July 1, 2016, in anticipation of the general tax revenues to be received during the fourth quarter of Fiscal Year 2017 (April, May and June 2017). The State anticipates receiving total general tax revenues of $1,087,246,000 in the fourth quarter of Fiscal Year 2017. The Series 2016 TAN is equal to 45.99 percent of anticipated Fiscal Year 2017 fourth quarter revenues and is within the 75 percent limit allowed by the Idaho Code. The lien of the TANs on the fourth-quarter State Sales Tax Moneys is superior to all other pledges including the Series 2017A Bonds and the Series 2017B Bonds. Principal payments on all bonds issued by the Authority occur in the first quarter of the State's fiscal year and interest payments occur in the first and third quarters of the State's fiscal year.

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
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
2011	500,000,000	2.00	June 30, 2011
2010	500,000,000	2.50	June 30, 2010
2009	600,000,000	3.00	June 30, 2009
2008	400,000,000	4.50	June 30, 2008

Source: Idaho State Treasurer's Office, July 1, 2016

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. On and after July 1, 2007, participation in the Credit Enhancement Program is limited to $40 million in the aggregate per school district. However, bond guarantees exceeding the $40 million limit prior to July 1, 2007, remain in effect.

As of January 1, 2017, $1,135,206,058 is outstanding in principal under the Guaranty Act. Of that, $463,024,931 is outstanding in principal 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 2016, in which tax collections totaled $1.581 billion. The combined maximum annual debt service on Authority and ISBGP bonds is $155,277,128.56, including debt service associated with the 2017A Bonds and the Series 2017B Bonds. The resulting combined percentage of maximum annual debt service to State Sales Tax Revenues collections, therefore, is currently 9.82%.

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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	

(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.

Source: Idaho State Treasurer's Office.

State of Idaho
Taxable Sales and Use Taxable Sales ($000)

Calendar Year	Amount	% Change
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
2010	18,126,298	-7.09
2009	19,508,659	-9.36
2008	21,522,856	-5.42
2007	22,755,610	5.50

Source: Idaho State Tax Commission Reports.

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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
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
2010	1,127,013,000	-4.26
2009	1,177,106,000	-11.76
2008	1,334,032,000	2.93
2007	1,296,040,000	22.05

Source: State of Idaho Comprehensive Annual Financial Report.

State Intercept Payments

The State collects certain revenues that are disbursed to local governments, including the Participants. Such revenues collected by the State and distributed to the Participants are subject, under the terms of the Act and the Loan Agreement for each 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 2017A Bonds and the Series 2017B Bonds.

The State Shared Sales Tax distributed to Participants represents the majority of interceptable funds that could be applied to make a payment on the Series 2017A Bonds and the Series 2017B Bonds. In the State's Fiscal Year 2016, the State's Shared Sales Tax, cigarette tax and liquor tax totaled $137,922,722.22; the amount of State-administered and collected revenues distributed to the Series 2017A and the Series 2017B Participants totaled $4,477,911.24 as broken down in the chart below:

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State-Collected Taxes and Other Funds Subject to Intercept Fiscal Year 2016

Participant	State Shared Sales Tax*	Liquor Tax	Cigarette Tax	Totals
City of Bonners Ferry	$ 102,193.07	$112,505.00	$ -	**$214,698.07**
City of Cascade	47,030.25	42,956.00	-	**89,986.25**
City of Heyburn	128,130.75	116,997.00	-	**245,127.75**
City of Jerome	426,125.82	101,324.00	-	**527,449.82**
City of Malad	73,638.35	39,332.00	-	**112,970.35**
City of Twin Falls	2,013,866.18	612,548.00	-	**2,626,414.18**
City of Weiser	183,963.54	196,870.00	-	**380,833.54**
Power County	260,627.28	-	19,804.00	**280,431.28**
Totals	**$3,235,575.24**	**$1,222,532.00**	**$19,804.00**	**$4,477,911.24**

Source: Idaho Tax Commission and Idaho Liquor Dispensary.

* Does not include certain Sales Tax Revenues paid to the Counties for distribution to the Cities (under the base and excess distribution formula set forth under (iii) on the following page), which may, depending on certain legal conditions, also be subject to the State Intercept.

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 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
2016	6%	11.50%
2015	6	11.50
2014	6	11.50
2013	6	11.50
2012	6	11.50
2011	6	11.50
2010	6	11.50
2009	6	11.50
2008	6	11.50
2007	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 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 Revenues are to be distributed as follows:

(i) 28.2 percent to cities according to city population (50 percent) and assessed market value (50 percent).

(ii) 28.2 percent to counties. Of this amount, $1,320,000 is to be distributed equally among each of the counties and the balance is to distributed based on county population.

(iii) 35.9 percent to various counties for distribution to those cities and counties in Idaho that received payments under Section 63-3638(e) in the fourth quarter of calendar year 1999. Because of a "hold harmless" provision in the county distribution, cities receive a base, which is equal to the amount received in the fourth quarter of calendar year 1999. If sales tax collections fall below the 1999 level, payments to cities and counties are reduced proportionately. If sales tax receipts exceed this level, cities can receive revenues up to 5 percent above their base. Any excess in sales tax receipts over 105 percent of the base level is distributed half to cities and half to counties, and apportioned according to city population.

(iv) 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 Series 2004A Bonds, Series 2007A Bonds, Series 2008B Bonds, the Series 2008C Bond, the Series 2008D Bonds and the Series 2008E Bonds are subject to the State Intercept under certain circumstances. The State Intercept applies to a portion of the Series 2006B Bonds and a portion of the Series 2008A Bonds. The State Intercept does <u>not</u> apply to the Series 2007B Bonds and a portion of the Series 2006B Bonds and a portion of the Series 2008A Bonds. All Bonds issued after July 1, 2008, including the Series 2009A Bonds, Series 2009B Bonds, Series 2009C Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C 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, and the Series 2017B Bonds <u>are</u> by law subject to the State Intercept. However, certain municipalities currently do not receive State payments.

Recourse to State Intercept and State Sales Tax; Repayment Procedures; Intercept Payments. Under the Loan Agreements, the Participants are 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 Participant, 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 the Series 2017A Bonds and the Series 2017B Bonds by the tenth day prior to the Payment Date of the Series 2017A Bonds and the Series 2017B 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 Participant whose Loan Agreement requires the State Intercept for the State Treasurer to transfer the full payment of principal and interest on the Series 2017A Bonds and the Series 2017B 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 5 days prior to the Payment Date of the Series 2017A Bonds and the Series 2017B 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 the Series 2017A Bonds and the Series 2017B 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 are no such "other bonds outstanding as of July 1, 2001."

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.

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The Participant and the 2017A and the 2017B Projects

Set forth below is certain information concerning the Participants, the Project and a summary of the pledged revenues contained in the Loan Agreements. See **Appendix F** for additional information.

The Participants and the Projects

Participant	Par Amount	Loan Final Maturity (Fiscal Year)	Maximum Annual Debt Service	Project Description	Pledged Revenue in Loan Agreement
City of Bonners Ferry, Boundary County, Idaho (Water Revenue Refunding Bond) (2017A Participant)	$2,570,000	2041	$175,200.00	The City will use the Authority loan to refund its Water Revenue Bond, Series 2009A; its Water Revenue Bond, Series 2009B; and its Water Revenue Bond, Series 2011.	System net revenues pledge of the City's water system and Sales Tax Intercept.
City of Bonners Ferry, Boundary County, Idaho (Hydroelectric Revenue and Refunding Bond) (2017A Participant)	$495,000	2025	$76,000.00	The City will use the Authority loan to refund its Hydroelectric Revenue and Refunding Bonds, Series 2005.	System net revenues pledge of the City's hydroelectric system and Sales Tax Intercept.
City of Cascade, Valley County, Idaho (2017A Participant)	$2,905,000	2037	$222,100.00	The City will use the Authority loan to refund its outstanding water and sewer system debt obligations funded by the IBBA 2006B Bonds.	System net revenues pledge of the City's combined water and sewer system net revenues and Sales Tax Intercept.
City of Heyburn, Minidoka County, Idaho (2017A Participant)	$2,190,000	2038	$195,250.00	The City will use the Authority loan to partially refund its outstanding water system debt obligations funded by the IBBA 2008A Bonds.	System net revenues pledge of the City's water system and Sales Tax Intercept.
City of Jerome, Jerome County, Idaho (2017A Participant)	$2,265,000	2028	$346,750.00	The City will use the Authority loan to partially refund its outstanding water system debt obligations funded by the IBBA 2008A Bonds.	System net revenues pledge of the City's water system and Sales Tax Intercept.
City of Malad, Oneida County, Idaho (2017A Participant)	$1,535,000	2033	$135,200.00	The City will use the Authority loan to refund its USDA Water Revenue Bond, Series 2009.	System net revenues pledge of the City's water system and Sales Tax Intercept.

City of Twin Falls, Twin Falls County, Idaho (2017A Participant)	$4,905,000	2025	$845,250.00	The City will use the Authority loan to partially refund its outstanding water system debt obligations funded by the IBBA 2009B Bonds.	System net revenues pledge of the City's water system and Sales Tax Intercept.
City of Weiser, Washington County, Idaho (2017A Participant)	$1,520,000	2034	$134,350.00	The City will use the Authority loan to refund its USDA Water Revenue Bond, Series 2003, and its USDA Water Revenue Bond, Series 2007.	System net revenues pledge of the City's water system and Sales Tax Intercept.
Eagle Sewer District, Ada County, Idaho (2017A Participant)	$3,560,000	2028	$501,500.00	The District will use the Authority loan to partially refund its sewer system debt obligations funded by the IBBA 2008A Bonds.	System net revenues pledge of the District's sewer system.
Power County, Idaho (2017B Participant)	$8,000,000	2047	$478,877.50	The County will use the Authority loan to finance the acquisition of certain water rights in Power County, Idaho.	*Ad Valorem* property taxes and Sales Tax Intercept.

The Municipal Bonds for the Series 2017A Bonds and the Series 2017B Bonds were duly authorized by an authorizing resolution or ordinance ("**Resolution**") adopted by the governing body of the respective Participant. The Resolution authorizes each Participant to execute its Loan Agreement with the Authority and to issue its Municipal Bonds evidencing such Loan Agreements to the Authority dated as of March 1, 2017.

Each Loan Agreement for the Participants of the Series 2017A Bonds is payable from System Net Revenues. Interest and principal payments due on the Municipal Bonds will equal the Repayment Installments of the Loan Agreement.

The Loan Agreement for Power County, Idaho, is payable from the levy and collection of *ad valorem* property taxes without limitation as to rate or amount on all taxable property in Power County, Idaho's boundaries and is secured by the full faith and credit of Power County, Idaho.

The State Intercept will provide funds to pay a portion of the Series 2017A Bonds and the Series 2017B Bonds in the event Repayment Installments from Participants receiving State interceptable funds are insufficient. (See "**Appendix F**" herein for further discussion of Participants.)

Additional Obligations of IBBA Participants whose Municipal Bonds are Payable from System Net Revenues Pledge

Having been duly authorized pursuant to all applicable laws, a Participant whose Municipal Bond is payable from System Net Revenues may at any time issue additional revenue bonds, provided the following conditions have been met:

Parity Debt. The Participant, whose principal of and interest on the Municipal Bond are payable from System Net Revenues, may at any time enter into any Parity Debt; *provided*:

(i) The Participant shall be in compliance with all agreements, conditions, covenants and terms contained in the Loan Agreement, and a Certificate of the Participant to that effect shall have been filed with the Trustee;

(ii) The Parity Debt shall have been duly authorized pursuant to all applicable laws; and

(iii) The most recent available audit of the Municipality shows that the System Net Revenues for any twelve (12) consecutive month period during the twenty-four (24) months 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 for all Parity Debt including the proposed obligations;

(iv) As an alternative to the audit report requirement above, the Municipality may certify as to estimated or projected revenues without engineer or accountant verification if its certification shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 150% of the Maximum Annual Debt Service, or the Municipality may utilize a report of a Consulting Engineer or certified public accountant acceptable to the Authority 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. The Municipality may certify as to estimated or projected revenues without engineer or accountant verification if its certification shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 150% of the Maximum Annual Debt Service.

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 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.

Rate Stabilization Account for a Participant whose Municipal Bond is Payable from System Net Revenues.

A Rate Stabilization Account is created under the Loan Agreement for a Participant. Moneys in the Rate Stabilization Account may be transferred as determined from time to time by the Participant. A Participant may transfer funds into such Rate Stabilization Account from any other legally available source. A Participant 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 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 the Loan Agreements.

Transfers from Rate Stabilization Account. A Participant may transfer funds from the applicable Rate Stabilization Account to satisfy the rate requirements under the Loan Agreement. If a Participant transfers funds from the Rate

Stabilization Account during the current fiscal year of the Participant or within the first quarter of the following fiscal year and designates that such transfer shall relate to the immediately preceding fiscal year to satisfy such Rate Covenant, the Participant 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 Participant 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 Participant will demonstrate its compliance with the provisions of the Loan Agreement by providing a report to the Authority and the Trustee, at the time of delivery of the Participant's year-end audit that the Participant is not out of compliance with the Loan Agreement. This report will demonstrate the Participant's compliance with this covenant, or the methods by which Participant intends to achieve compliance with this covenant.

Rating

As noted on the cover page of this Official Statement, the Authority has received a rating of Aa1 for the Series 2017A Bonds and the Series 2017B 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 2017A Bonds and the Series 2017B 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 statement features a clean opinion from their auditors. The Participants expect to file their annual audits with the Authority not later than six months after the end of the Participants' fiscal year end (presently September 30), commencing with the report for the Fiscal Year ending in 2017 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.

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Financial Information

The Authority's audit for the Fiscal Year ending June 30, 2016, was performed by Eide Bailly LLP, Boise, Idaho. The Authority's Comprehensive Annual Financial Report for the Fiscal Year ending June 30, 2016, is included in **APPENDIX G**.

A CONSENT OF THE INDEPENDENT AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THE OFFERING OF THE SERIES 2017A BONDS AND THE SERIES 2017B BONDS AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE SERIES 2017A BONDS AND THE SERIES 2017B BONDS.

Legal and Tax Matters

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Series 2017A Bonds and the Series 2017B 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 the City of Cascade, Idaho, the City of Twin Falls, Idaho, and Power County, Idaho; MSBT Law, Chtd., Boise, Idaho, bond counsel to the City of Heyburn, Idaho, the City of Jerome, Idaho, the City of Malad, Idaho, the Eagle Sewer District, Idaho, and the City of Weiser, Idaho; and Witherspoon Brajcich McPhee, PLLC, Spokane, Washington, bond counsel to the City of Bonners Ferry, Idaho; will provide an opinion with respect to the Participants' Loan Agreements and Bonds.

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 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Idaho personal income taxes. Interest on the 2017B Bonds is included in gross income for federal income tax purposes, but is exempt from State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2017A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in **Appendix B** hereto.

To the extent the issue price of any maturity of the Series 2017A Bonds is less than the amount to be paid at maturity of such Series 2017A Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2017A 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 2017A 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 2017A Bonds is the first price at which a substantial amount of such maturity of the Series 2017A 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 Series 2017A Bonds accrues daily over the term to maturity of such Series 2017A 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 Series 2017A Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2017A Bonds. Beneficial Owners of the Series 2017A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2017A Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2017A Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2017A Bonds is sold to the public.

Series 2017A 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 2017A Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Series 2017A Bonds, like the Premium Series 2017A 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 2017A Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Series 2017A 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 2017A Bonds. The Authority and the Participants have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2017A 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 2017A Bonds being included in gross income for federal income tax purposes, possibly from the date of original execution and delivery of the Series 2017A 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 2017A Bonds may adversely affect the value of, or the tax status of interest on, the Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds. Prospective purchasers of the Series 2017A 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 2017A 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.

Bond Counsel's engagement with respect to the Series 2017A Bonds and the Series 2017B Bonds ends with the issuance of the Series 2017A Bonds and the Series 2017B 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 2017A 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 2017A Bonds is difficult, obtaining an independent review of IRS positions with which the Authority and the Participants legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2017A Bonds for audit, or the course or result of such audit, or an audit of Series 2017A Bonds presenting similar tax issues may affect the market price for,

or the marketability of, the Series 2017A Bonds, and may cause the Authority, the IBBA Participants or the beneficial owners to incur significant expense.

The Initiative Process

Title 34, Chapter 18 of the Idaho Code reserves to the people of the State the initiative and referendum power pursuant to which measures designed to amend the Idaho Constitution or enact legislation, can be placed on the State-wide general election ballot for consideration by the voters. "**Referendum**" generally means measures which have been passed by the legislature and then referred to the electors by a legislative body, such as the State Legislative Session or the governing body of a city, county or other political subdivision, or by petition prior to its effective date. "**Initiative**" generally means a new measure placed before the voters as a result of a petition circulated by one or more private citizens.

Any person may file a proposed initiative with the signatures of 20 qualified electors of the State in 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 before issuing a review to the Secretary of State. The Attorney General, after a specified time period, shall then be directed by the Secretary of State to provide a ballot title for the initiative. 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 Secretary of State has authorized the petitioners, the proponents of the initiative, during an 18 month circulation period or until April 30 in an election year, whichever occurs first, may start gathering the initiative petition signatures necessary to place the proposed initiative on the ballot. To be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by a number of qualified voters equal to a specified percentage of the qualified electors at the general election next preceding the filing of the petition with the Secretary of State.

All petitions for initiative and referendum must contain signatures of registered voters equal to 6 percent of the qualified electors at the last general election (this would be 56,192 signatures based on the last general election, which was held on November 8, 2016) before being considered for final filing.

The initiative petition must be filed with the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. If the person obtaining signature is being paid, the signature sheet must contain a notice of such payment.

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.

Current Referendums

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

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Historical Initiative Petitions

According to the Elections Division of the Idaho Secretary of State, the number of initiative petitions that have qualified for the ballot in the past decade, and the number that have passed in the general elections are as follows:

Historical Initiative Petitions

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
2016	0	0
2014	0	0
2012	0	0
2010	0	0
2008	0	0
2006	2	0

Source: Elections Division, Idaho Secretary of State; 2016 Initiative History Elections Division.

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 Loans or the Series 2017A Bonds and the Series 2017B Bonds, the power and authority of Participants to enter into the Loan Agreements or the power and authority of the Authority to issue the Series 2017A Bonds and the Series 2017B Bonds and loan the Series 2017A Bond and the Series 2017B Bond proceeds to Participants under the Loan Agreements and issue the Municipal Bonds. There is no litigation pending or threatened that would materially affect the finances of Participants or affect Participants' ability to meet debt service requirements on the Loans as evidenced by the Municipal Bonds.

Financial Advisor

The Authority has retained Western Financial Group, LLC, a wholly-owned subsidiary of PFM Financial Advisors LLC ("WFG"), as financial advisor in connection with the preparation of this Official Statement and with respect to the issuance of the Series 2017A Bonds and the Series 2017B Bonds. WFG was recently acquired by, and is a wholly-owned subsidiary of, PFM Financial Advisors LLC. WFG 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 2017A Bonds are being purchased by Piper Jaffray & Co., at a price of 112.09663 percent of the par value of the 2017A Bonds. The 2017A Bonds will be re-offered at an average price of 112.35337 percent of the par value of the 2017A Bonds. After the initial public offering, the public offering prices may vary from time to time.

The 2017B Bonds are being purchased by Piper Jaffray & Co., at a price of 100.61994 percent of the par value of the 2017B Bonds. The 2017B Bonds will be re-offered at an average price of 101.05455 percent of the par value of the 2017B Bonds. After the initial public offering, the public offering prices may vary from time to time.

The Underwriter 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 the Underwriter which could include the Bonds. Under that agreement, the Underwriter will share with Charles Schwab & Co., a portion of the fee or commission paid to the Underwriter.

Concluding Statement

The information set forth herein is not to be construed as a contract with the owners of the Series 2017A Bonds and the Series 2017B Bonds.

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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 2017A Bonds and the Series 2017B 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 Series 2004A Bonds, the Series 2006B Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2008A Bonds, the Series 2008B Bonds, the Series 2008C Bonds, the Series 2008D Bonds, the Series 2008E Bonds, the Series 2009A Bonds, the Series 2009B Bonds, the Series 2009C Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds, 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 and the Series 2017B 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.

"Escrow Agent" means Zions Bank, a division of ZB, National Association, formerly known as Zions First National Bank.

"Escrow Fund" means the escrow fund or account established under the Escrow Agreement, dated as of March 1, 2017, between the Authority and the Escrow Agent.

"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 each 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).

"Hydroelectric Revenue Fund" means the Hydroelectric Revenue Fund previously established by City of Bonners Ferry, Idaho, and renamed by ordinance of the City as the "Income Fund."

"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 2017A Bonds and the Series 2017B Bonds, each September 15 and March 15, commencing September 15, 2017.

"Loan" or "Loans" means the loan of proceeds of the Series 2017A Bonds and the Series 2017B Bonds to the Participants.

"Loan Agreement" or "Loan Agreements" means a loan of the proceeds of the Series 2017A Bonds and the Series 2017B Bonds to a Participant pursuant to a Loan Agreement.

"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.

"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, charges for accumulation of reserves, or payment of Parity Debt or Subordinate

Obligations.

"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, any Prior Obligations, and any Parity 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.

"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 any 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.

"Participants" means, for the Series 2017A Bonds, the City of Bonners Ferry, Boundary County, Idaho, the City of Cascade, Valley County, Idaho, the City of Heyburn, Minidoka County, Idaho, the City of Jerome, Jerome County, Idaho, the City of Malad, Oneida County, Idaho, the City of Twin Falls, Twin County, Idaho, the City of Weiser, Washington County, Idaho, and the Eagle Sewer District, Ada County, Idaho, and for the Series 2017B Bonds, Power County, Idaho, 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 l04% 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 2017A Bonds" means Series 2017A 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).

"Premium Series 2017B Bonds" means Series 2017B 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 Bank, a division of ZB, 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 secured by the same revenue source that secures the 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 Twenty-Seventh Supplemental Trust Agreement.

"Rate Stabilization Account" means the Rate Stabilization Account established under the Loan Agreements for the Participants.

"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 Agreements.

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

"Reserve Fund" means the reserve fund for the Participants of the Series 2017A Bonds, except with respect to the City of Bonners Ferry Loan secured by water revenue, should their debt service coverage from System Net Revenues fall below 1.50 times at a point after their Loans have been issued, each in the amount of the Reserve Requirement and to be funded as provided in the Loan Agreements; and for the City of Bonners Ferry, Idaho, means the reserve fund for the City of Bonners Ferry Loan secured by water revenue in the amount of the Reserve Requirement and to be funded as provided in the Loan Agreement.

"Reserve Requirement" shall mean the moneys to be held by a Participant of the Series 2017A Bonds in the Reserve Fund, if required, to secure payment of debt service on the Loan, which shall be an amount equal to the lesser of: (i) 10% of the principal amount of the Loan, (ii) the maximum annual principal and interest on the Loan, or (iii) 125% of average annual principal and interest on the Loan.

"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 Bond, (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 2017A Bonds" means the Idaho Bond Bank Authority Revenue Bonds, Series 2017A, dated the date of delivery as authorized by, and at any time Outstanding pursuant to the Trust Agreement.

"Series 2017A Costs of Issuance Account" means the Account so established by the provisions of the Twenty-Seventh Supplemental Trust Agreement concerning the Procedure for the Issuance of Series 2017A Bonds.

"Series 2017A Principal Payment Date" means with respect to the Series 2017A Bonds, each September 15, commencing September 15, 2017.

"Series 2017A Record Date" means with respect to the Series 2017A Bonds, the first day of the calendar month in which each Interest Payment Date occurs.

"Series 2017B Bonds" means the Idaho Bond Bank Authority Revenue Bonds, Series 2017B (Federally Taxable), dated the date of delivery as authorized by, and at any time Outstanding pursuant to the Trust Agreement.

"Series 2017B Costs of Issuance Account" means the Account so established by the provisions of the Twenty-Seventh Supplemental Trust Agreement concerning the Procedure for the Issuance of Series 2017B Bonds.

"Series 2017B Principal Payment Date" means with respect to the Series 2017B Bonds, each September 15, commencing September 15, 2017.

"Series 2017B Record Date" means with respect to the Series 2017B Bonds, the first day of the calendar month in which each Interest Payment Date occurs.

"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 2017A Bonds and the Series 2017B Bonds, which shall be as provided in a Supplemental Trust Agreement.

"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" 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 taxes as provided in Section 63-3638 of the State Sales Tax Act and Section 67-8716 of the Act.

"State Shared 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.

"System" means all of a Municipality's water system, wastewater system, or hydroelectric system, and its 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 Costs.

"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 nonrecurring revenues, 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, financing or operation of the System or otherwise arising from the System.

"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.

"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, and the Twenty-Seventh 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 Bank, a division of ZB, 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.

"Twenty-Seventh Supplemental Trust Agreement" means the Supplemental Trust Agreement between the Authority and the Trustee for the Series 2017A Bonds and the Series 2017B Bonds.

"Water and Sewer Revenue Fund," means the water and sewer revenue fund, established by ordinance of the City of Cascade.

"Wastewater Revenue Fund," means the wastewater system revenue fund, established by resolution of the Eagle Sewer District.

"Water System Revenue Fund," means the water system revenue fund, established by ordinances of the City of Bonners Ferry, the City of Heyburn, the City of Jerome, the City of Malad, the City of Twin Falls, and the City of Weiser.

"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

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_____, 2017

Idaho Bond Bank Authority
Boise, Idaho

RE: Idaho Bond Bank Authority Revenue Bonds, Series 2017A and Series 2017B (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 $21,945,000 aggregate principal amount of Idaho Bond Bank Authority Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and $8,000,000 aggregate principal amount of Idaho Bond Bank Authority Revenue Bonds, Series 2017B (Federally Taxable) (the "Series 2017B Bonds" and with the Series 2017A Bonds, the "Bonds") pursuant to a Master Trust Agreement, dated as of December 1, 2004, as supplemented most recently by a Twenty-Seventh Supplemental Trust Agreement, dated as of March 1, 2017 (collectively, the "Trust Agreement"), between the Issuer and Zions Bank, a division of ZB, National Association, as trustee, as authorized by a resolution of the Issuer adopted on January 24, 2017 (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 (collectively, the "Loan Agreements"), dated as of March 1, 2017, 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 forms of the Loan Agreements, 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 Witherspoon Brajcich McPhee, PLLC, MSBT Law, Chtd., and Hawley Troxell Ennis & Hawley LLP as bond counsel for the Municipalities, as applicable (collectively, the "Special Counsel Opinions") regarding, among other matters, the validity of the Loan Agreements and the exclusion of interest on the Loan

Agreements relating to the Series 2017A 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 2017A 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 2017A 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 Agreements 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 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 2017A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of Idaho personal income taxes. Interest on the Series 2017A 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 Series 2017A Bonds.

5. The interest on the Series 2017B Bonds is <u>not</u> excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, but is exempt from State of Idaho personal income tax. 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 Series 2017B 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

DEPOSITORY TRUST COMPANY INFORMATION

The following information concerning DTC and DTC's book-entry-only system has been extracted from a schedule prepared by DTC entitled "SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE," a source that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof. The contents of the DTC website referenced below are not incorporated in this Official Statement by such reference.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2017A Bonds and the Series 2017B Bonds. The Series 2017A Bonds and the Series 2017B Bonds 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 certificate will be issued for each maturity of the Series 2017A Bonds and the Series 2017B Bonds, as set forth on the inside cover page hereof, each in the aggregate principal amount of such maturity of the Series 2017A Bonds and the Series 2017B Bonds and deposited with DTC.

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 Authority" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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 transaction in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of the 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 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 corporation 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 and www.dtc.org.

Purchases of Series 2017A Bonds and the Series 2017B Bonds under DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017A Bonds and the Series 2017B Bonds on DTC's records. The ownership interest of each actual purchaser of Series 2017A Bonds and the Series 2017B Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's 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 acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2017A Bonds and the Series 2017B Bonds, except in the event that use of the book-entry system for the Series 2017A Bonds and the Series 2017B Bonds is discontinued.

To facilitate subsequent transfers, all of the Series 2017A Bonds and the Series 2017B Bonds 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 a series of Series 2017A Bonds and the Series 2017B Bonds with DTC and their registration in the name of Cede & CO. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2017A Bonds and the Series 2017B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts Series 2017A Bonds and the Series 2017B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holding on behalf of their customers.

Redemption notices shall be sent to DTC as long as it is securities depository for the Series 2017A Bonds and the Series 2017B Bonds. If less than all of the Series 2017A Bonds and the Series 2017B Bonds of a single maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed. Redemption notices shall be sent to DTC.

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 the arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2017A Bonds and the Series 2017B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 the Series 2017A Bonds and the Series 2017B Bonds are created on the record date (identified in a listing attached to the Omnibus Proxy.)

Principal, premium, if any, and interest payments on the Series 2017A Bonds and the Series 2017B Bonds are to 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 the Authority, Trustee, or the Authority's 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 or its nominee, or the Authority, Trustee, or the Authority's agent, subject to any statutory or

regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, Trustee, or the Authority's agent; disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017A Bonds and the Series 2017B Bonds at any time by giving reasonable notice to the Authority or Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2017A Bonds and the Series 2017B Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2017A Bonds and the Series 2017B Bonds will be printed and delivered.

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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 Bank, a division of ZB, National Association (the "Dissemination Agent") in connection with the issuance of the $21,945,000 Revenue Bonds, Series 2017A and $8,000,000 Revenue Bonds, Series 2017B (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 Twenty-Seventh Supplemental Trust Agreement dated as of March 1, 2017 between the Issuer and Zions Bank, a division of ZB, 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 Revenue Bonds, Series 2017A and Series 2017B.

"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 Bank, a division of ZB, 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 Bank, a division of ZB, 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.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

"Official Statement" means the Official Statement for the Bonds dated March 7, 2017.

"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 Bank, a division of ZB, 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 six months after the end of the Issuer's Fiscal Year (presently June 30), commencing with the report for the Fiscal Year ending June 30, 2017, 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(f).

(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 Sections 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 Municipalities with the Repository pursuant to the Loan Agreements if a Municipality becomes an "obligated person" as provided in the Loan Agreements, and perform all obligations set forth for the Trustee and/or dissemination agent under the Loan Agreements. 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 Agreements, 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:

1. The financial statements for the Issuer for the most recently ended Fiscal Year, commencing with the Fiscal Year ended June 30, 2017. 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 2017A Bonds and the Series 2017B Bonds -- State Sales Tax Revenues" of the Official Statement.

2. The balance then remaining as of the end of the most recent Fiscal Year of the Issuer for 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. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or 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 Bonds.

6. Defeasances

7. Tender offers;

8. Bankruptcy, insolvency, receivership or similar proceedings of the Issuer;

9. Rating changes;

(b) Pursuant to the provisions of this Section 5, the Issuer, as defined in the Trust Agreement, 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 not more than ten (10) Business Days after the event, if material;

1. Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;

2. Appointment of a successor or additional trustee or the change of the name of a trustee;

3. Non-payment related defaults with respect to the Bonds;

4. Modifications to the rights of the owners of the Bonds;

5. Bond calls;

6. Release, substitution or sale of property securing repayment of the Bonds.

(c) The Dissemination Agent shall, within 1 Business Day of obtaining actual knowledge of the occurrence of any of the Listed Events listed on 5(a) or 5(b) 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 (g). 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.

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

(e) If the Issuer has determined that knowledge of the occurrence of a Listed Event listed under 5(b) 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 (g).

(f) If in response to a request under subsection (c) the Issuer determines that a Listed Event listed under 5(b) 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 (g).

(g) 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(f).

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, 5(a), or 5(b), 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(f), 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 Statehouse, Suite 126 P.O. Box 83720 Boise, Idaho 83720-0091 Attn: Executive Director Telephone: (208) 332-2940 Fax: (208) 332-2961
To the Trustee/ Dissemination Agent:	Zions Bank, a division of ZB, National Association 601 Union Street, Suite 3600 Seattle, WA 98101 Attn: Corporate Trust Telephone: (206) 438-1263 Fax: (855) 214-2352

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 Agreements.

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.

[Remainder of this page intentionally left blank]

Date: March 15, 2017.

IDAHO BOND BANK AUTHORITY,
as Issuer

By _____

ZIONS BANK, A DIVISION OF ZB, 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: Revenue Bonds, Series 2017A and Revenue Bonds, Series 2017B

Date of Issuance: March 15, 2017

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 Twenty-Seventh Supplemental Trust Agreement dated as of March 1, 2017. [The Issuer anticipates that the Annual Report will be filed by _____.]

Dated: _____

Zions Bank, a division of ZB, National Association,
as Dissemination Agent on behalf of the Issuer

c: Issuer

Appendix E

Summary of Certain Provisions of the Trust Agreement and the Form of Loan Agreements

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

AND THE FORM OF LOAN AGREEMENT

The following summary discussion of selected features of the Master Trust Agreement, the Twenty-Seventh Supplemental Trust Agreement (together, with the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth, Eleventh, Twelfth, Thirteenth, Fourteenth, Fifteenth, Sixteenth, Seventeenth, Eighteenth, Nineteenth, Twentieth, Twenty-First, Twenty-Second, Twenty-Third, Twenty-Fourth, Twenty-Fifth, and Twenty-Sixth Supplemental Agreements, the "Trust Agreement") and the form of Loan Agreements are made subject to all of the provisions of such documents and to the discussion of such documents contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Bonds are referred to the complete text of the Trust Agreement and the Municipality Loan Agreement, copies of which are available upon request from Zions Bank, a division of ZB National Association, 601 Union Street, Suite 3600, Seattle, Washington 98101. Definitions of certain terms are provided in Appendix A of this Official Statement.

Issuance of Bonds

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 the Trust Agreement and delivered to the Trustee and thereupon shall be authenticated by the Trustee and be 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 the 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 the 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 a Municipal Bond, 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 the provisions of the Trust Agreement concerning Refunding Bonds, 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 the 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 the 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 the 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 percent 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 the provisions of the Trust Agreement concerning Issuance of Bonds, 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.

Refunding Bonds

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.

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 the provisions of the Trust Agreement concerning General Provisions for Issuance of Additional Bonds) 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):

(a) 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;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to give the notice provided for in the provisions of the Trust Agreement concerning Discharge of Bonds to the Owners of the Bonds being refunded, if applicable; and

(c) 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 Accountant, 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.

Subordinated Indebtedness

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 of the Trust Agreement. 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 the provisions of the Trust agreement concerning Subordinated Indebtedness Fund 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 the Trust Agreement.

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:

(a) 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 the 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.

(b) 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.

(c) If any Event of Default with respect to the Bonds shall have occurred and be continuing (under circumstances when the provisions of (a) 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 (e) below, any payment from the Subordinated Indebtedness Fund of principal (and premium, if any) or interest upon the Subordinated Indebtedness.

(d) 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.

(e) The Subordinated Indebtedness may provide that provisions (a), (b), (c) and (d) 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 (a), (b), c) and (d) 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.

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 the Trust Agreement.

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 of the Trust Agreement 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 of the Trust Agreement or any other provision of the 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.

Redemption of Bonds

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.

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.

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 the Trust Agreement concerning Redemption of Bonds 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.

Establishment of Funds and Application Thereof

Funds and Accounts

The following Funds and Accounts are established under the Trust Agreement: Municipal Bond Purchase Fund, held by the Trustee, Costs of Issuance Fund, held by the Trustee, Revenue Fund including the Principal Account and Interest Account and accounts for each Municipality (the "Revenue Fund Municipality Accounts"), held by the Trustee, Subordinated Indebtedness Fund, held by the Trustee, and Surplus Fund, held by the Authority.

Application of Revenues; Flow of Funds

All Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund created pursuant to the provision of the Trust Agreement concerning Tax Covenants and Rebate Fund) are thereby irrevocably pledged to the payment of the interest on and principal of the Bonds as provided therein, and the Revenues and other amounts pledged under the Trust Agreement 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 thereunder. 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 thereunder (excluding amounts on deposit in the Rebate Fund created pursuant to the provisions of the Trust Agreement concerning Tax Covenants and Rebate Fund) for the payment of the interest on and principal of the Bonds in accordance with the terms thereof and of the Trust Agreement. 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 thereby assigns to the Trustee all of the Authority's right, title and interest in the Municipal Bond as security for payment of the Bonds. All payments on the Municipal Bond 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.

In order to carry out and effectuate the pledge, charge and lien contained in the Trust Agreement, the

Authority agrees and covenants that all Revenues and all other amounts pledged thereunder when and as received shall be received by the Authority in trust thereunder 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 thereby created and which fund the Authority thereby agrees and covenants to maintain in trust for Bond Owners so long as any Bonds shall be Outstanding thereunder, 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.

Subject to the provisions of the Trust Agreement concerning Subordinated Indebtedness Fund, all Revenues and all other amounts pledged thereunder 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 therein provided. All Revenues and all other amounts pledged under the Trust Agreement, whether received by the Authority in trust or deposited with the Trustee as therein provided, shall nevertheless be allocated, applied and disbursed solely to the purposes and uses thereinafter in the provisions of the Trust Agreement concerning Establishment of Funds and Application thereof set forth, and shall be accounted for separately and apart from all other accounts, funds, money or other resources of the Authority.

Within the Revenue Fund there shall be established separate, segregated accounts for each Series of Bonds and therein a subaccount for each Municipality as described above.

Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund

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 thereby created and each of which the Authority thereby 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 authorized in the provisions of the Trust Agreement concerning the Establishment of Funds and Application thereof.

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).

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 the provisions of the Trust Agreement concerning Redemption of Bonds; 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.

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.

On June 30 of each year, after making the deposits to the Principal Account and the Subordinate Indebtedness Fund as required by this section of the Trust Agreement, 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.

Subordinated Indebtedness Fund

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 Agreement 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.

If on any date the amount in the Revenue Fund shall be less than the requirement of such Revenue Fund pursuant to the provisions of the Trust Agreement concerning the Establishment of Funds and Application thereof, 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 the first paragraph of this section of the Trust Agreement, 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.

Surplus Fund

If on any date the amount in the Revenue Fund shall be less than the requirement of such Fund pursuant to the provisions of the Trust Agreement concerning the Establishment and Maintenance of Accounts for Use of Money in Revenue Fund, or the amount in the Subordinated Indebtedness Fund shall be less than the requirement of such Fund pursuant to the provisions of the Trust Agreement concerning 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.

Amounts in the Surplus Fund not required to meet a deficiency as required in the first paragraph of this section of the Trust Agreement shall, upon a determination of the Authority, be applied to or set aside for any one or more of the following:

(a) to reimburse the State for any State Sales Tax Revenues;

(b) payment of any fees or expenses of the Authority;

(c) 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;

(d) payment into the Subordinated Indebtedness Fund;

(e) 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

(f) any lawful purpose free and clear of any trust, lien, pledge or assignment securing Bonds or otherwise existing under the 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.

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 under the Trust Agreement.

State Intercept Procedures; Sales Tax Account Pledge

State Intercept Procedures

If, as a result of the failure of a Municipality to make payment on its Municipal Bond 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.

Except for Bonds issued prior to July 1, 2008, where the Authority has, at the time of issuance, designated all or a portion of a series of the Bonds for one or more Municipalities as not subject to the intercept under Section 67-8728, Idaho Code, upon receipt of the notice provided in the first paragraph 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; (iii) liquor revenues that would be distributed pursuant to Section 23-404, Idaho Code; or (iv) 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.

Except for Bonds issued prior to July 1, 2008, where the Authority has, at the time of issuance, designated all or a portion of a series of Bonds for one or more Municipalities 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.

Upon receipt of the funds, if any, from the State Treasurer pursuant to the second paragraph 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 State 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.

Sales Tax Revenues

If the Authority has, at the time of issuance prior to July 1, 2008, designated all or a portion of a series of Bonds for one or more Municipalities as not subject to the intercept under Section 67-8728, Idaho Code, or if moneys expected to be intercepted pursuant to the provisions of the Trust Agreement concerning State Intercept Procedures 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 the provisions of the Trust Agreement concerning State Intercept Procedures.

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 State sales tax receipts in the amount of the deficiency to be transferred from the State General Fund as defined in Section 67-1205, Idaho Code pursuant to Section 67-8716(2), 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.

Moneys representing State sales tax receipts transferred from the State 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 the provisions of the Trust Agreement concerning the

Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund.

Covenants of the Authority

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 under the Trust Agreement in strict conformity with the terms thereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained therein and in the Bonds.

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 the provisions of the Trust Agreement concerning Issuance of Bonds and Permitted Encumbrances therein, 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 therein.

Tax Covenants; Rebate Fund

In addition to the funds and accounts created pursuant to the provisions of the Trust Agreement concerning Funds and Accounts, the Trustee shall establish and maintain a fund separate from any other fund or account established and maintained thereunder 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 the Trust Agreement concerning Application of Revenues and Flow of Funds 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 of the Trust Agreement and by the Tax Certificate (which is incorporated in the Trust Agreement 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.

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 under the Trust Agreement 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.

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 of the Trust Agreement it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement, the Authority shall so instruct the Trustee under the Trust Agreement in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

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.

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.

Notwithstanding any provisions of this section of the Trust Agreement, if the Authority shall provide to the Trustee an Opinion of Bond Counsel that any specified action required under this section of the Trust Agreement 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 of the Trust Agreement, and, notwithstanding the provisions of the Trust Agreement concerning the Trustee, the covenants under the Trust Agreement shall be deemed to be modified to that extent.

The foregoing provisions of this section of the Trust Agreement 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.

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.

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 under the Trust Agreement; 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 under the Trust Agreement, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct by the Trustee. Notwithstanding any contrary provision of the Trust Agreement, this covenant shall remain in full force and effect even though all Bonds secured thereby may have been fully paid and satisfied.

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 by the Trust Agreement.

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

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 thereby 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 the 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 of the Trust Agreement.

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.

Compliance with Continuing Disclosure Agreement

The Authority thereby covenants that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the 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 percent 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 of the Trust Agreement. For purposes of this section of the Trust Agreement, "Beneficial Owner" means any person who 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).

Permitted Encumbrances

The Authority will not create or suffer to be created any pledge, lien or charge senior to the lien of the Trust Agreement upon all or any part of the Revenues.

Notwithstanding any other provision of the Trust Agreement, the Authority may incur Funded Debt, subject to the following conditions:

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

(b) There shall be delivered a Certificate of the Authority evidencing satisfaction of the provisions of the Trust Agreement concerning General Provisions for Issuance of Additional Bonds.

The Authority may issue Subordinated Indebtedness pursuant to the provisions of the Trust Agreement concerning Subordinated Indebtedness.

Events of Default and Remedies of Bond Owners

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 in the Trust Agreement 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 of the Trust Agreement 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.

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 the Trust Agreement by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement, or in aid of the execution of any power granted under Trust Agreement, 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 thereunder, including but not limited to actions against the State Treasurer and State Tax Commission to enforce its obligations under the Act.

Non-Waiver

Nothing in the provisions of the Trust Agreement concerning Events of Default and Remedies of Bond Owners or in any other provision thereof 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 in the Trust Agreement from the Revenues as provided therein 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 therein 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 the provisions of the Trust Agreement concerning Events of Default and Remedies of Bond Owners 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.

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 under the Trust Agreement 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 thereby appointed (and the successive Bond Owners, by taking and holding the Bonds issued thereunder, 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.

Remedies Not Exclusive

No remedy in the Trust Agreement 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 thereunder or now or thereafter 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.

Limitation on Bond Owners Right to Sue

No Bond Owner of any Bond issued under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the 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 the provisions of the Trust Agreement concerning Events of Default; (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 therein before 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 thereby declared, in every case, to be conditions precedent to the exercise by any Bond Owner of Bonds of any remedy under the Trust Agreement; 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 the Trust Agreement, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement shall be instituted, had and maintained in the manner therein provided and for the equal benefit of all Bond Owners of the Outstanding Bonds.

Amendment of the Trust Agreement and Loan Agreement

Amendment of the Trust Agreement Without Bond Owner Consent

The 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 in the Trust Agreement superior to or on a parity with the pledge, charge and lien created thereby for the benefit of the Bonds except as otherwise provided therein, 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 the Trust Agreement. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement, 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.

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 the provisions of the Trust Agreement concerning Required or Permitted Opinions of Counsel, 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:

(a) to add to the agreements and covenants required in the Trust Agreement 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 therein to or conferred therein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising thereunder, which the Authority may deem desirable or necessary;

(c) 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 provisions of the Trust

Agreement concerning the Issuance of Bonds (which shall be deemed not to adversely affect Bondholders);

(d) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939; or

(e) to add to the agreements and covenants in the Trust Agreement, and to make any necessary changes therein, 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.

(f) to preserve the tax-exempt status of the Bonds, or any of them.

(g) 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.

(h) to modify, alter, amend or supplement the Trust Agreement in any other respect which is not adverse to the Bond Owners and which does not involve a change described in the provisions of the Trust Agreement concerning Amendment of the Trust Agreement Without Bond Owner Consent.

Amendment of the Trust Agreement With Bond Owner Consent

Except for any Supplemental Trust Agreement entered into pursuant to the provisions of the Trust Agreement concerning Amendment of the Trust Agreement Without Bond Owner Consent, and subject to the terms and provisions contained in the provisions of the Trust Agreement concerning the Amendment of the Trust Agreement and Loan Agreement 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 the Trust Agreement or in any Supplemental Trust Agreement; provided, however, that nothing in the Trust Agreement 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 in the Trust Agreement superior to or on a parity with the pledge, charge and lien created thereby for the benefit of the Bonds except as otherwise provided therein, 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 the Trust Agreement.

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 of the Trust Agreement, 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.

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 the provisions of the Trust Agreement concerning the Amendment of the Trust Agreement and Loan Agreement. 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.

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 provided in the Trust Agreement, 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.

Upon the execution any Supplemental Trust Agreement pursuant to the provisions of this section of the Trust Agreement, the Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Trust Agreement of the Authority, the Trustee and all Bond Owners of the Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Trust Agreement, subject in all respects to such modifications and amendments.

Endorsement or Replacement of Bonds After Amendment

Bonds delivered after any Supplemental Trust Agreement becomes effective pursuant to the provisions of the Trust Agreement concerning Amendment of the Trust Agreement and Loan Agreement 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.

Amendment of Loan Agreement

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 the 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.

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 the Trust Agreement concerning Amendment of the Trust Agreement and Loan Agreement 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 the Trust Agreement concerning Amendment of the Trust Agreement and Loan Agreement 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.

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 the 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 the 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 of the Trust Agreement. 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 under the Trust Agreement.

Investments; Arbitrage

The Trustee may make any and all investments permitted by the provisions of the Trust Agreement concerning Investment of Moneys 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 of the Trust Agreement shall apply to affiliates of the Trustee. As and when any amount invested pursuant to the provisions of the Trust Agreement concerning Investment of Moneys 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.

Defeasance

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 Bonds, at the times and in the manner stipulated therein and in the Trust Agreement, then the pledge of any Revenues and other moneys, 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; provided, however, that the Trust Agreement may not be discharged until any amounts due the Insurer have been paid.

Provision for Defeasance of the Bonds

In the event that money or investments described in the definition of Permitted Investments, 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 Bonds 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 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; provided, however, that the Trust Agreement may not be discharged until any amounts due the Insurer have been paid.

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 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 Bonds, shall be paid to the Authority.

Unclaimed Money

Anything contained in the Trust Agreement 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.

Miscellaneous

Liability of Authority Limited to Revenues

Notwithstanding anything contained in the Trust Agreement, the Authority shall not be required to advance any money derived from any source other than the Revenues as provided in the Trust Agreement 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 in the Trust Agreement 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 in the Trust Agreement, 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 therein. 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 therein. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Benefits of the Trust Agreement Limited to Parties and Third Party Beneficiaries

Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any person other than the Authority, the Trustee, and the Bond Owners any right, remedy or claim under or by reason thereof. Any agreement or covenant required therein 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, and the Bond Owners.

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 in the Trust Agreement 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 thereby.

SUMMARY OF CERTAIN PROVISIONS OF THE FORM OF LOAN AGREEMENT SECURED BY PLEDGE OF SYSTEM REVENUES

Loan to Municipality

The Authority covenants and agrees, upon the terms and conditions in the Loan, to make a loan of the amount specified in the Loan Agreement to the Municipality for the purpose of financing or refinancing the Project, secured by the Sewer System Revenues. In each case, the Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus premium or less a discount as described in the Loan Agreement. Said loan shall be disbursed and the Municipality will contribute funds for the Project as described in Schedule 1 of the Loan Agreement. Pursuant to said covenant and agreement, the Authority will issue the Bonds upon the same terms and conditions contained in the Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in provisions of the Loan Agreement concerning the Loan to the Municipality and Repayment Provisions. The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation under the Loan Agreement and the payments due on the Municipal Bond shall equal the Repayment Installments under the Loan Agreement.

Repayment Provisions

Repayment and Payment of Other Amounts Payable

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 pursuant to the provisions of the Loan Agreement concerning the Loan to Municipality, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in an exhibit of the Loan Agreement. 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 under the Loan Agreement 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 of the Loan Agreement. 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 under the Loan Agreement.

Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Unconditional Obligation

The obligations of the Municipality to make the payments required by the provisions of the Loan Agreement and to perform and observe the other agreements on its part contained in the Loan Agreements 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 the Loan Agreement, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in provisions of the Loan Agreement and all other payments required thereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under the 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 under the Loan Agreement and the Municipal Bond and is not a general obligation of the Municipality provided that the State intercept, 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 subject to the terms and conditions contained in the Trust Agreement concerning Defeasance), the Municipality (i) will not suspend or discontinue any payments provided for in provisions of the Loan Agreement; (ii) will perform and observe all of its other covenants contained in the Loan Agreement; and (iii) will not terminate the 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 the Loan Agreements or the Trust Agreement, except to the extent permitted by the Loan Agreements.

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 the Loan Agreement, including the right to receive payments thereunder (except (i) the rights of the Authority to receive notices under the 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 the provisions of the Loan Agreement concerning Notice to Trustee and Authority, and Indemnification, and (iii) the right of the Authority to give approvals or consents pursuant to the Loan Agreement) and the Authority thereby directs the Municipality to make the payments required thereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality thereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of the Loan Agreements without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Amounts Remaining in Funds

It is agreed by the parties to the Loan Agreement that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in the terms and conditions contained in the Trust Agreement concerning Defeasance, (ii) the fees and expenses of the Authority in accordance with the Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and the Loan Agreement and (iv) all other amounts required to be paid under the 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 the Trust Agreement concerning Tax Covenants and the Rebate Fund, 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 the Loan Agreement prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

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 in the Loan Agreement 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 and shall work with the Authority to facilitate a claim and payment on the Reserve Fund Insurance Policy to provide sufficient funds for payment. If sufficient funds (including any payments under the Insurance Policy or the Reserve Policy) are not transferred to the Trustee for the Bonds of the Authority that are secured by the Loan Agreements 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 of the Loan Agreement to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (b) of this section of the Loan Agreement 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) above, 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 of the Loan Agreement 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) thereof, 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 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 the 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.

Security

Pledge of System Net Revenues

All System Net Revenues and other legally available funds of the Municipality to be appropriated as needed to make payments required under the Loan Agreement and the Municipal Bonds are hereby pledged to the payment of the Repayment Installments as provided in the Loan Agreement 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 Parity 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 in the Loan Agreement. 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 in the Loan Agreement, the Income Fund and other funds and accounts created thereunder for the payment of the Repayment Installments and all other Parity Debt in accordance with the terms thereof and of the Trust Agreement.

Allocation of System Revenues

In order to carry out and effectuate the pledge and lien contained in the Loan Agreement, the Municipality agrees and covenants that all System Revenues shall be received by the Municipality in trust thereunder and shall be deposited when and as received in a special fund hereby designated as the "Income Fund," which fund is thereby 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 the 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 of the Loan Agreements.

(a) Repayment Installments. Not later than 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.

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 any twelve (12) consecutive month period during the twenty four (24) months 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 for all Parity Debt including the proposed obligations.

(d) As an alternative to the audit report requirement in 4.3(c) of the Loan Agreement, the Municipality may certify as to estimated or projected revenues without engineer or accountant verification if its certification shows that the System Net Revenues for the remainder of the projected life of the Parity Debt will be at least equal to 150% of the Maximum Annual Debt Service, or the Municipality may utilize a report of a Consulting Engineer or certified public accountant acceptable to the Authority 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.

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.

Reserve Fund Deposit

Except for the City of Bonners Ferry Loan secured by water revenue, the Participants of the Series 2017A Bonds each have the following Reserve Fund Deposit requirement should their debt service coverage from System Net Revenues fall below 1.50 times at a point after their Loans have been issued:

If the Municipality fails to comply with the requirements as to System rates and charges set forth in Section 5.11 of the Loan Agreement or fails to maintain System Net Revenues, plus any credit from the Rate Stabilization Account in accordance with Section 4.5 and 4.6 of the Loan Agreement, 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 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 Fiscal Year, provided that at no time shall the amount in the Reserve Fund exceed 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 that 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.

The City of Bonners Ferry, Idaho, has the following Reserve Fund Deposit requirement for its Loan secured by water revenue: The Municipality established and was funding a reserve account pursuant to the Prior Bonds and shall transfer all such funds into the Reserve Fund for the Loan. The Municipality will annually make additional contributions from funds of the Municipality into the Reserve Fund held by the Municipality in the amount of not less than $17,705.00 per Fiscal Year; provided that at no time shall the amount in the Reserve Fund exceed the Reserve Requirement. The Reserve Requirement shall be fully funded by the Municipality no later than December 31, 2021. Such Reserve Fund shall be drawn upon if needed to make the Repayment Installments under the Loan Agreement 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 that 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.

Rate Stabilization Account.

The Municipality shall establish and maintain a Rate Stabilization Account. Moneys 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 its Income 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 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 of the Loan Agreement.

Transfers from Rate Stabilization Account.

The Municipality may transfer funds from the Rate Stabilization Account to satisfy the rate requirements in Section 5.11 of the Loan Agreement. If the Municipality transfers funds from the Rate Stabilization Account during the current Fiscal Year or within the first quarter of the following Fiscal Year and designates that such transfer shall relate to the immediately preceding Fiscal Year it 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 following 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 Section 4.6 of the Loan Agreement by providing a report to the Authority and the Trustee, if any, at the time of delivery of the Municipality's year-end audit that the Municipality is not out of compliance with Section 5.11 of the Loan Agreement. This report will demonstrate the Municipality's compliance with this covenant, or the methods by which the Municipality intends to achieve compliance with this covenant.

Special Covenants and Agreements

Punctual Payment

The Municipality will punctually pay all Repayment Installments in strict conformity with the terms of this section of the Loan Agreement to the extent of System Net Revenues and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms thereof.

Legal Existence

The Municipality will use all means legally available to maintain its existence.

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 in the Loan Agreement, 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.

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 to the terms and conditions

contained in the Trust Agreement concerning Defeasance. 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.

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.

Right of Access to the System

The Municipality agrees that during the term of the Loan Agreements, 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 thereto 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 thereby 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 thereunder) 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 of the Loan Agreements or in any other provision of the Loan Agreements shall be construed to entitle the Authority or the Trustee to any information or inspection involving the confidential knowledge of the Municipality.

Tax Exempt Status of Bonds

It is the intention of the parties hereto that interest on the Series 2017A 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 Series 2017A 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 rebate 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 (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 Series 2017A Bonds, determined as specified in the Tax Certificate, including (i) treating as the yield on the Municipal Bond the yield on the Series 2017A 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 Municipality Bond. This covenant shall survive payment in full or defeasance of the Series 2017A 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.

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 Series 2017A Bonds being included in gross income of the holders of the Series 2017A 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 Series 2017A Bonds to become includable in gross income for federal income tax purposes. The Municipality acknowledges having read provisions of the Trust Agreement concerning Tax Covenants and Rebate Fund and agrees to perform all duties imposed on it by such section, by this section of the Loan Agreement and by the Tax

Certificate. Insofar as the Trust Agreement and the Tax Certificate impose duties and responsibilities on the Authority or the Municipality, they are specifically incorporated into the Loan Agreement by reference.

Notwithstanding any provision of the Loan Agreement concerning the Tax Exempt status of the Series 2017A Bonds or the provisions of the Trust Agreement regarding the Tax Exempt status of the Series 2017A Bonds, 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 the provisions of the Loan Agreement concerning the Tax Exempt Status of the Series 2017A Bonds and the provisions of the Trust Agreement regarding the Tax Exempt status of the Series 2017A Bonds 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 Series 2017A Bonds or the Municipal Bond, the Municipality, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this section of the Loan Agreement, and the covenants set forth in the provisions of the Loan Agreement concerning the Tax Exempt Status of the Series 2017A Bonds shall be deemed to be modified to that extent.

The Municipality agrees to comply with the Authority's Post Issuance Tax Compliance Procedures, the current form of which is attached to the Loan Agreement as Exhibit F.

Notices to Trustee and Authority

The Municipality thereby 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.

Reporting

The Municipality thereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) and (b) below.

(a) Provision of Annual Surveillance Response.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter ("Annual Surveillance Letter"), commencing with the Annual Surveillance Letter for the 2017 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to the Annual Surveillance Letter ("Annual Surveillance Response") regarding the status of the Municipality's financial condition and obligations under the Loan Agreement. The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as prescribed by the Authority, and may include by reference other information as provided in the Loan Agreement. If the Municipality's fiscal year changes, it shall give notice of such change to the Authority and Trustee.

(ii) Failure to provide the Annual Surveillance Response to the Authority and Trustee by the above date may subject the Municipality to late fees in the amounts shown in an exhibit to the Loan Agreement 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) The Authority may request all financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statement to the Authority within fifteen (15) days of receipt of the written request.

(b) Content of Annual Surveillance Letters. The Municipality's Annual Surveillance Response shall contain or include by reference the following:

(c) Reporting of Significant Events.

(i) Pursuant to the provisions of this section of the Loan Agreement, 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 Loan Agreements and the Bonds in a timely manner not more than ten (10) business days after the event:

(1) Principal and interest payment delinquencies.
(2) Unscheduled draws on debt service reserves reflecting financial difficulties;
(3) Unscheduled draws on credit enhancements reflecting financial difficulties;
(4) Substitution of credit or liquidity providers, or their failure to perform;
(5) Adverse tax opinions or 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 Bonds;
(6) Defeasances;
(7) Tender offers;
(8) Bankruptcy, insolvency, receivership or similar proceedings;
(9) Rating changes;

(ii) Pursuant to the provisions of the Loan Agreement, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event, if material:

(1) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination.
(2) Appointment of a successor or additional trustee or the change of the name of trustee;
(3) Non-payment related defaults;
(4) Modifications to the rights of the owners of the Bonds;
(5) Bond calls;
(6) Release, substitution or sale of property securing repayment of the Bonds.

(c) These provisions shall terminate upon the legal defeasance or discharge of the Loan Agreement in accordance with the provisions of the Loan Agreement concerning Discharge of Obligations. 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 the provisions of the Loan Agreement.

(d) Additional Information. Nothing in the provisions of the Loan Agreement shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this section 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. 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, the Municipality shall have no obligation under this section 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 the provisions

of the Loan Agreement may be given at their addresses as set forth in the Trust Agreement and the 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 the 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 of the Loan Agreement shall inure solely to the benefit of the Municipality and the Authority, and shall create no rights in any other person or entity.

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 the provisions of the Loan Agreement concerning Allocation of System Revenues, 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 the provisions of the Loan Agreement concerning Legal Existence.

Amounts of Rates, Fees and Charges

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:

(a) All current Operation and Maintenance Costs.

(b) The Repayment Installments and the payments for the other Parity Debt and the payment of the Subordinate Obligations as they become due and payable.

(c) All payments required for compliance with the terms of the Loan Agreement.

(d) All payments to meet any other obligations of the Municipality which are charges, liens or encumbrances upon, or payable from, the System Net Revenues.

In addition to the requirements of the first paragraph 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 the Loan Agreement, so as to yield System Net Revenues during such Fiscal Year equal to at least 125 per cent (or such other percentage as permitted or required by the Authority) 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 in the Loan Agreement.

If the Municipality shall fail to comply with the Section 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 of the Loan Agreement.

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.

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.

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 subsidiary thereof), unless otherwise required by law or existing written agreements.

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 in the Loan Agreement 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 under the Loan Agreement.

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 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 to the Loan Agreement for the preceding Fiscal Year prepared by a Municipality 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 of the Loan Agreement. 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.

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 thereafter 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 in the Loan Agreement 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 under the Loan Agreement.

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 under the Loan Agreement.

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.

Delivery of Closing Documents

The Municipality agrees to execute and deliver on the Closing Date the certificates attached to the Loan Agreement as Exhibit C.

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.

Events of Default and Remedies

Events of Default

Any one of the following which occurs and continues shall constitute an Event of Default pursuant to the 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 the 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 of the Loan Agreement 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 under the Loan Agreement 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 Municipality; 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 of the Loan Agreement.

Remedies on Default

Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued:

(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 the Loan Agreement including without limitation the State Intercept or draw upon the State Sales Tax Moneys

In case the Trustee or the Authority shall have proceeded to enforce its rights under the 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 under the Loan Agreement, 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 of the Loan Agreement).

In case the Municipality shall fail forthwith to pay amounts due by reason of the provisions of the Loan Agreement concerning Continuing Disclosure 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 the 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 thereby 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.

Agreement to Pay Attorneys' Fees and Expenses

In the event the Municipality should default under any of the provisions of the Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality therein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees of such attorneys and such other expenses so incurred by the Authority or the Trustee.

No Remedy Exclusive

No remedy in the Loan Agreement 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 the Loan Agreement or now or thereafter 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 the provisions of the Loan Agreement concerning Events of Default and Remedies, it shall not be necessary to give any notice, other than such notice as may be expressly required by the Loan Agreement. Such rights and remedies as are given the Authority thereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed Fourth party beneficiaries of all covenants and agreements therein contained.

No Additional Waiver Implied by One Waiver

In the event any agreement or covenant contained in the 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 thereunder.

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 the Loan Agreement.

Prepayment

Redemption of Bonds with Prepayment Moneys

By virtue of the assignment of certain of the rights of the Authority under the Loan Agreement to the Trustee as is provided in provisions of the Loan Agreement concerning Assignment of Authority's Rights, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under the provisions of the Loan Agreement concerning Prepayment. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in the provisions of the Loan Agreement concerning Prepayment on the date specified for such redemption pursuant to the provisions of the Loan Agreement concerning Notice of Prepayment. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to the Loan Agreement.

Option to Prepay Installments

The Repayment Installments specified in Schedule 1 of the Loan Agreement are subject to prepayment on the dates and in the amounts as set forth in Schedule 1. To the extent the Bonds are subject to optional redemption.

Amount of Prepayment

In the case of a prepayment of the entire amount due under the Loan Agreement pursuant to the provisions of the Loan Agreement concerning Options to Prepay Installments, 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 Account) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due.

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 the provisions of the Loan Agreement concerning Prepayment 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 the Loan Agreement, as the case may be, on the earliest practicable date thereafter on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in the Loan Agreement, each notice contemplated in the provisions of the Loan Agreement concerning Prepayment that is given with respect to an optional prepayment pursuant to the provisions of the Loan Agreement concerning Options to Prepay Installments thereof 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.

Discharge and Defeasance of Obligations

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 the Loan Agreement.

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 in the Loan Agreement, and the Municipality shall pay in full all other amounts due thereunder, then all agreements, covenants and other obligations of the Municipality thereunder 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 on or behalf of the Municipality to evidence such discharge and satisfaction.

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 the second paragraph of this section of the Loan Agreement (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled) if (1) in case any of such Repayment Installments are to be prepaid, the Municipality shall have given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Loan Agreement, (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 a Municipality Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments 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 (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Bonds under the Loan Agreement, provided that the Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

Non-Liability of Authority; Expenses; Indemnification

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 provisions of the Loan Agreement concerning Right of Access to the Project) in connection therewith, except from, and to the extent of, System Net Revenues. The Municipality thereby 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 the Loan Agreement (excluding payments to the Authority or the Trustee pursuant to the provisions of the Loan Agreement concerning the Tax Exempt Status of the Bonds and Indemnification) and payments from other participating Municipalities.

Liability of Municipality Limited to System Revenues

Notwithstanding any other provision in the Loan Agreement, 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 therein for the payment of the Repayment Installments or for the performance of any agreements or covenants required to be performed by it contained therein. 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 legally available and other funds provided for in the

Loan Agreement (except as provided in the provisions of the Loan Agreement concerning Timeliness of Payments, and Repayment), 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.

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, 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. The indemnity of the Trustee required by this section of the Loan Agreement shall be only to the extent that any loss sustained by the Trustee exceeds the net proceeds the Trustee receives from any insurance carried with respect to the loss sustained.

Miscellaneous

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, the Loan Agreement may be amended, changed or modified as set forth in the provisions of the Trust Agreement concerning Amendment of the Trust Agreement and Loan Agreement.

SUMMARY OF CERTAIN PROVISIONS OF THE FORM OF LOAN AGREEMENT SECURED BY FULL FAITH AND CREDIT PLEDGE OF AD VALOREM TAXES AND OTHER REVENUES

Loan to Municipality

The Authority covenants and agrees, upon the terms and conditions in the Loan Agreement, to make a loan to the Municipality (Power County, Idaho) for the purpose of financing the Project. The Loan is based on the purchase price of the Municipal Bond at the par amount thereof plus premium or less a discount as described in the Loan Agreement. Said loan shall be disbursed and the Municipality will contribute funds for the Project as described in Schedule 1 of the Loan Agreement. Pursuant to said covenant and agreement, the Authority will issue the Bonds upon the same terms and conditions contained in the Loan Agreement and the Trust Agreement and will cause the Bond proceeds to be applied as provided in provisions of the Loan Agreement concerning the Loan to the Municipality and Repayment Provisions. The Municipality shall issue and sell its Municipal Bond to the Authority as evidence of its Loan obligation under the Loan Agreement and the payments due on the Municipal Bond shall equal the Repayment Installments under the Loan Agreement.

Repayment Provisions

Repayment and Payment of Other Amounts Payable

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 pursuant to the provisions of the Loan Agreement concerning the Loan to Municipality, at least fifteen (15) days prior to the Repayment Installment Dates as set forth in an exhibit of the Loan Agreement. 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 under the Loan Agreement 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 of the Loan Agreement. 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 under the Loan Agreement.

Upon written request of the Trustee, the Municipality shall pay any Repayment Installment directly to the Trustee.

Unconditional Obligation

The obligations of the Municipality to make the payments required by the provisions of the Loan Agreements and to perform and observe the other agreements on its part contained in the Loan Agreements 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 the Loan Agreements, the Municipality shall pay absolutely net the payments to be made on account of the loan as prescribed in provisions of the Loan Agreements and all other payments required thereunder, free of any deductions and without abatement, diminution or set-off; provided, that the Municipality's obligation to make payments under the 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, or Bond Ordinance as the case may be, are hereby pledged to make the payments due and to become due hereunder provided that the State Intercept 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 subject to the terms and conditions contained in the Trust Agreement concerning Defeasance), the Municipality (i) will not suspend or discontinue any payments provided for in provisions of the Loan Agreements; (ii) will perform and observe all of its other covenants contained in the Loan Agreements; and (iii) will not terminate the Loan Agreements 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 the Loan Agreements or the Trust Agreement, except to the extent permitted by the Loan Agreements.

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 the Loan Agreement, including the right to receive payments thereunder (except (i) the rights of the Authority to receive notices under the 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 the provisions of the Loan Agreement concerning Notice to Trustee and Authority, and Indemnification, and (iii) the right of the Authority to give approvals or consents pursuant to the Loan Agreement) and the Authority thereby directs the Municipality to make the payments required thereunder (except such payments for fees, expenses and indemnification) directly to the Trustee. The Municipality thereby assents to such assignment and agrees to pay the Repayment Installments directly to the Trustee (subject to the provisions of the Loan Agreement concerning Repayment and Payment of Other Amounts Payable) without defense or set-off by reason of any dispute between the Municipality and the Authority or the Trustee.

Amounts Remaining in Funds

It is agreed by the parties to the Loan Agreement that after payment in full of (i) the Repayment Installments, or after provision for such payment shall have been made as provided in the terms and conditions contained in the Trust Agreement concerning Defeasance, (ii) the fees and expenses of the Authority in accordance with the Loan Agreement, (iii) the fees, charges and expenses of the Trustee, the Registrar and Paying Agent in accordance with the Trust Agreement and the Loan Agreement and (iv) all other amounts required to be paid under the 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 the Trust Agreement concerning Tax Covenants and the Rebate Fund, 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 the Loan Agreement prior to the Repayment Installment Dates shall be deducted from said remaining amounts and credited to the Municipality.

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 in the Loan Agreement 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 the 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 (a) of this section of the Loan Agreement to pay debt service on the Bonds or if there are not sufficient funds available pursuant to paragraph (d) of this section of the Loan Agreement 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, upon the notice provided in subsection (c) above, the Municipality consents and agrees that the State Treasurer shall (i) immediately intercept any payments 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 liquor tax moneys that would be distributed pursuant to Section 23-404, Idaho Code, as amended or (D) to the extent permitted by law, 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 of the Loan Agreement 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) thereof, 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 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 the 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.

Security

Pledge of Full Faith and Credit and Tax Revenues.

The full faith and credit and the tax revenues *ad valorum* and other taxes levied by the Municipality upon all taxable property in 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 the Loan Agreement 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 acknowledges the State Intercept which operates by law under Section 67-8727, Idaho Code, as amended.

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 the Loan Agreement and to constitute a sinking fund for the payment of 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 form 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.

Tax Receipts to Constitute Special Revenues

The Tax Receipts and all moneys deposited into the Bond Fund shall constitute taxes specifically levied to finance one or more projects or systems as defined in 11 U.S.C. § 902(2)(E). As set forth in Sections 4.1 and 4.2of the Loan Agreement, the Tax Receipts can be used for no other purpose than payment of principal and interest on the Municipal Bond and therefore do not constitute taxes levied to finance the general purposes of the Municipality within the meaning of 11 U.S.C. § 901(2)(E). The Municipality further covenants to credit all Tax Receipts to the Bond Fund separate and apart from the funds for the payment of principal or interest on any other series of bonds, and separate and apart from any other funds of the Municipality.

Special Covenants and Agreements

Punctual Payment

The Municipality will punctually pay all Repayment Installments in strict conformity with the terms of this section of the Loan Agreement and will faithfully satisfy, observe and perform all agreements, conditions, covenants and terms thereof.

Legal Existence

The Municipality will use all means legally available to maintain its existence.

Notices to Trustee and Authority

The Municipality thereby 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.

Reporting

The Municipality thereby covenants and agrees to provide to the Authority an Annual Surveillance Response as described in (a) and (b) below.

(a) Provision of Annual Surveillance Response.

(i) The Municipality shall, not later than the return deadline set forth in the annual surveillance letter ("Annual Surveillance Letter"), commencing with the Annual Surveillance Letter for the 2017 Fiscal Year and all subsequent Fiscal Years, provide to the Authority responses to the Annual Surveillance Letter ("Annual Surveillance Response") regarding the status of the Municipality's financial condition and obligations under the Loan Agreement. The Annual Surveillance Response must be submitted in electronic format, accompanied by such identifying information as prescribed by the Authority, and may include by reference other information as provided in the Loan Agreement. If the Municipality's fiscal year changes, it shall

give notice of such change to the Authority and Trustee.

(ii) Failure to provide the Annual Surveillance Response to the Authority and Trustee by the above date may subject the Municipality to late fees in the amounts shown in an exhibit to the Loan Agreement 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) The Authority may request all financial statements from the Borrower in writing at any time and Borrower shall provide the requested financial statement to the Authority within fifteen (15) days of receipt of the written request.

(b) Content of Annual Surveillance Letters. The Municipality's Annual Surveillance Response shall contain or include by reference the following:

(c) Reporting of Significant Events.

(i) Pursuant to the provisions of this section of the Loan Agreement, 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 Loan Agreements and the Bonds in a timely manner not more than ten (10) business days after the event:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or 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 Bonds;

(6) Defeasances;

(7) Tender offers;

(8) Bankruptcy, insolvency, receivership or similar proceedings;

(9) Rating changes;

(ii) Pursuant to the provisions of the Loan Agreement, the Municipality shall give or cause to be given, notice to the Authority of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event, if material:

(1) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination.

(2) Appointment of a successor or additional trustee or the change of the name of trustee;

(3) Non-payment related defaults;

(4) Modifications to the rights of the owners of the Bonds;

(5) Bond calls;

(6) Release, substitution or sale of property securing repayment of the Bonds.

(c) These provisions shall terminate upon the legal defeasance or discharge of the Loan Agreement in accordance with the provisions of the Loan Agreement concerning Discharge of Obligations. 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 the provisions of the Loan Agreement.

(d) Additional Information. Nothing in the provisions of the Loan Agreement shall be deemed to prevent the Municipality from disseminating any other information, using the means of dissemination set forth in this section 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. 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, the Municipality shall have no obligation under this section 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 the provisions of the Loan Agreement may be given at their addresses as set forth in the Trust Agreement and the 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 the 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 of the Loan Agreement shall inure solely to the benefit of the Municipality and the Authority, and shall create no rights in any other person or entity.

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 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 to the Loan Agreement for the preceding Fiscal Year prepared by a Municipality 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 of the Loan Agreement. 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.

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 thereafter 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 in the Loan Agreement 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 under the Loan Agreement.

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 under the Loan Agreement.

Delivery of Closing Documents

The Municipality agrees to execute and deliver on the Closing Date the certificates attached to the Loan Agreement as Exhibit C.

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.

Events of Default and Remedies

Events of Default

Any one of the following which occurs and continues shall constitute an Event of Default pursuant to the 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 the 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 of the Loan Agreement 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 under the Loan Agreement 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 Municipality; 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 of the Loan Agreement.

Remedies on Default

Whenever any Event of Default shall have occurred and shall continue, the following remedies may be pursued:

(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 the Loan Agreement including without limitation the State Intercept or draw upon the State Sales Tax Moneys

In case the Trustee or the Authority shall have proceeded to enforce its rights under the 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 under the Loan Agreement, 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 of the Loan Agreement).

In case the Municipality shall fail forthwith to pay amounts due by reason of the provisions of the Loan Agreement concerning Continuing Disclosure 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 the 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 thereby 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.

Agreement to Pay Attorneys' Fees and Expenses

In the event the Municipality should default under any of the provisions of the Loan Agreement and the Authority or the Trustee should employ attorneys or incur other expenses for the collection of the payments due under the Loan Agreement or the enforcement of performance or observance of any obligation or agreement on the part of the Municipality therein contained, the Municipality agrees to pay to the Authority or the Trustee the reasonable fees of such attorneys and such other expenses so incurred by the Authority or the Trustee.

No Remedy Exclusive

No remedy in the Loan Agreement 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 the Loan Agreement or now or thereafter 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 the provisions of the Loan Agreement concerning Events of Default and Remedies, it shall not be necessary to give any notice, other than such notice as may be expressly required by the Loan Agreement. Such rights and remedies as are given the Authority thereunder shall also extend to the Trustee, and the Trustee and the holders of the Bonds shall be deemed Fourth party beneficiaries of all covenants and agreements therein contained.

No Additional Waiver Implied by One Waiver

In the event any agreement or covenant contained in the 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 thereunder.

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 the Loan Agreement.

Prepayment

Redemption of Bonds with Prepayment Moneys

By virtue of the assignment of certain of the rights of the Authority under the Loan Agreement to the Trustee as is provided in provisions of the Loan Agreement concerning Assignment of Authority's Rights, the Municipality agrees to and shall pay directly to the Trustee any amount permitted or required to be paid by it under the provisions of the Loan Agreement concerning Prepayment. The Trustee shall use the moneys so paid to it by the Municipality to effect redemption of the Bonds as set forth in the provisions of the Loan Agreement concerning Prepayment on the date specified for such redemption pursuant to the provisions of the Loan Agreement concerning Notice of Prepayment. The principal component of the Repayment Installments to be prepaid shall correspond in amount and maturity date to the Bonds related to the Loan Agreement.

Option to Prepay Installments

The Repayment Installments specified in Schedule 1 of the Loan Agreement are subject to prepayment on the dates and in the amounts as set forth in Schedule 1. To the extent the Bonds are subject to optional redemption.

Amount of Prepayment

In the case of a prepayment of the entire amount due under the Loan Agreement pursuant to the provisions of the Loan Agreement concerning Options to Prepay Installments, 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 Account) the yield on any securities deposited with the Trustee and available for such purpose, to pay all Repayment Installments thereafter due.

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 the provisions of the Loan Agreement concerning Prepayment 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 the Loan Agreement, as the case may be, on the earliest practicable date thereafter on which such redemption may be made under applicable provisions of the Trust Agreement.

Notwithstanding anything to the contrary in the Loan Agreement, each notice contemplated in the provisions of the Loan Agreement concerning Prepayment that is given with respect to an optional prepayment pursuant to the provisions of the Loan Agreement concerning Options to Prepay Installments thereof 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.

Discharge and Defeasance of Obligations

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 the Loan Agreement.

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 in the Loan Agreement, and the Municipality shall pay in full all other amounts due thereunder, then all agreements, covenants and other obligations of the Municipality thereunder 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 on or behalf of the Municipality to evidence such discharge and satisfaction.

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 the second paragraph of this section of the Loan Agreement (provided the Municipal Bond shall not be canceled until the related Bonds of the Authority have been canceled) if (1) in case any of such Repayment Installments are to be prepaid, the Municipality shall have given to the Authority and Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Loan Agreement, (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 a Municipality Independent Certified Public Accountant, to transmit and pay when due the Repayment Installments 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 (3) an Opinion of Counsel to the effect that such treatment will not adversely affect the tax-exempt status of interest on any Bonds under the Loan Agreement, provided that the Agreement shall not be discharged and satisfied until all Repayment Installments have been paid or are deemed to have been paid as provided above.

Non-Liability of Authority; Expenses; Indemnification

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 provisions of the Loan Agreement concerning Right of Access to the Project) in connection therewith, except from, and to the extent of, System Net Revenues. The Municipality thereby 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 the Loan Agreement (excluding payments to the Authority or the Trustee pursuant to the provisions of the Loan Agreement concerning the Tax Exempt Status of the Bonds and Indemnification) and payments from other participating Municipalities.

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, 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. The indemnity of the Trustee required by this section of the Loan Agreement shall be only to the extent that any loss sustained by the Trustee exceeds the net proceeds the Trustee receives from any insurance carried with respect to the loss sustained.

Miscellaneous

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, the Loan Agreement may be amended, changed or modified as set forth in the provisions of the Trust Agreement concerning Amendment of the Trust Agreement and Loan Agreement.

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Appendix F

Selected Information Related to the 2017A and 2017B Borrowers

2017A Participant	**City of Bonners Ferry (Water Revenue Refunding Bond)**
Par Amount of Loan:	$2,570,000
Purpose:	The City will use the Authority loan to refund its Water Revenue Bond, 2009A; its Water Revenue Bond, 2009B; and its Water Revenue Bond, 2011.
2000 Census Population of City of Bonners Ferry	2,515
2010 Census Population of City of Bonners Ferry	2,543
2013 Total Personal Income	$318,838
% of Total State Personal Income	0.6%
2013 Per Capita Income	$29,359
Pledged Security:	Water System Net Revenues
Existing Debt with Same Pledge:	$2,630,726.20 in USDA-RD loans, which will be refunded by the Authority loan to the City.
FY 2014 Net System Revenues (audited):	$431,114
FY 2015 Net System Revenues (audited):	$502,958
FY 2016 Net System Revenues (unaudited):	$623,413
Maximum Annual Debt Service on IBBA Loans:	$175,200
Forecast FY 2017 Net System Revenues:	$572,437
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	3.56
Debt Service Reserve Fund:	The City shall maintain a Reserve Fund pursuant to the Loan Agreement.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$214,698

2017A Participant	City of Bonners Ferry (Hydroelectric Revenue Refunding Bond)
Par Amount of Loan:	$495,000
Purpose:	The City will use the Authority loan to refund its Hydroelectric Revenue and Refunding Bonds, Series 2005.
2000 Census Population of City of Bonners Ferry	2,515
2010 Census Population of City of Bonners Ferry	2,543
2013 Total Personal Income	$318,838
% of Total State Personal Income	0.6%
2013 Median Household Income	$29,359
Pledged Security:	Hydroelectric System Net Revenues
Existing Debt with Same Pledge:	$780,000.00 relating to the Hydroelectric Revenue and Refunding Bonds, Series 2005, which will be refunded by the Authority loan to the City.
FY 2014 Net System Revenues (audited):	$836,024
FY 2015 Net System Revenues (audited):	$938,895
FY 2016 Net System Revenues (unaudited):	$855,337
Maximum Annual Debt Service on IBBA Loans:	$76,000
Forecast FY 2017 Net System Revenues:	$572,414
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	11.25
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$214,698

2017A Participant	City of Cascade
Par Amount of Loan:	$2,905,000
Purpose:	The City will use the Authority loan to refund its Water and Sewer Revenue Bond, Series 2006A and Water and Sewer Revenue Refunding Bond, Series 2006B.
2000 Census Population of City of Cascade	1,003
2010 Census Population of City of Cascade	939
2013 Total Personal Income	$35,447
% of Total State Personal Income	75.8%
2013 Per Capita Income	$19,762
Pledged Security:	Water and Sewer System Net Revenues
Existing Debt with Same Pledge (as subordinated):	$1,935,841 Idaho Department of Environmental Quality loan subordinate to the Authority loan.
FY 2014 Net System Revenues (audited):	$331,456
FY 2015 Net System Revenues (audited):	$383,313
FY 2016 Net System Revenues (audited):	$341,680
Maximum Annual Debt Service on IBBA Loans:	$221,200
Forecast FY 2017 Net System Revenues:	$222,100
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	1.75
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$89,986

2017A Participant	City of Heyburn
Par Amount of Loan:	$2,190,000
Purpose:	The City will use the Authority loan to partially refund its Water Revenue Bond, Series 2008.
2000 Census Population of City of Heyburn	2,984
2010 Census Population of City of Heyburn	3,089
2013 Total Personal Income	$40,252
% of Total State Personal Income	86.0%
2013 Per Capita Income	$16,467
Pledged Security:	Water System Net Revenues
Existing Debt with Same Pledge:	$150,000 IBBA loan (Series 2008A)
FY 2014 Net System Revenues (audited):	$327,547 ($297,826 net of other charges/revenues)
FY 2015 Net System Revenues (audited):	$290,843 ($228,741 net of other charges/revenues)
FY 2016 Net System Revenues (audited):	$353,506 ($322,675 net of other charges/revenues)
Maximum Annual Debt Service on IBBA Loans:	$195,250 through 2022
Forecast FY 2017 Net System Revenues:	$362,725
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	1.86
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$245,128

2017A Participant	City of Jerome
Par Amount of Loan:	$2,265,000
Purpose:	The City will use the Authority loan to partially refund its Water Revenue Bond, Series 2008.
2000 Census Population of City of Jerome	8,100
2010 Census Population of City of Jerome	10,890
2013 Total Personal Income	$33,719
% of Total State Personal Income	72.1%
2013 Per Capita Income	$14,030
Pledged Security:	Water System Net Revenues
Existing Debt with Same Pledge:	$425,000 IBBA loan (Series 2008A)
FY 2014 Net System Revenues (audited):	$823,822
FY 2015 Net System Revenues (audited):	$1,134,367
FY 2016 Net System Revenues (unaudited):	$1,006,263
Maximum Annual Debt Service on IBBA Loans:	$346,750
Forecast FY 2017 Net System Revenues:	$833,555
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	2.45
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$527,450

2017A Participant	City of Malad
Par Amount of Loan:	$1,535,000
Purpose:	The City will use the Authority loan to refund its USDA Water Revenue Bond, Series 2009.
2000 Census Population of City of Malad	2,158
2010 Census Population of City of Malad	2,095
2013 Total Personal Income	$34,465
% of Total State Personal Income	73.7%
2013 Per Capita Income	$16,984
Pledged Security:	Water System Net Revenues
Existing Debt with Same Pledge:	$1,743,646.71 in USDA-RD loans, which will be refunded by the Authority loan to the City.
FY 2014 Net System Revenues (audited):	$370,919
FY 2015 Net System Revenues (audited):	$409,669
FY 2016 Net System Revenues (unaudited):	$449,727
Maximum Annual Debt Service on IBBA Loans:	$135,200
Forecast FY 2017 Net System Revenues:	$434,400
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	3.21
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$112,970

2017A Participant	City of Twin Falls
Par Amount of Loan:	$4,905,000
Purpose:	The City will use the Authority loan to partially refund its Water Revenue Promissory Note, Series 2009.
2000 Census Population of City of Twin Falls	35,699
2010 Census Population of City of Twin Falls	44,125
2013 Total Personal Income	$45,854
% of Total State Personal Income	98.0%
2013 Per Capita Income	$18,889
Pledged Security:	Water System Net Revenues
Existing Debt with Same Pledge:	$665,000 IBBA loan (Series 2009B) $12,410,000 IBBA loan (Series 2010A) $1,935,000 IBBA loan (Series 2012C)
FY 2014 Net System Revenues (audited):	$5,119,614
FY 2015 Net System Revenues (audited):	$5,405,792
FY 2016 Net System Revenues (unaudited):	$5,395,026
Maximum Annual Debt Service on IBBA Loans:	$3,005,230
Forecast FY 2017 Net System Revenues:	$4,523,785
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	1.51
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$2,626,414

2017A Participant	City of Weiser
Par Amount of Loan:	$1,520,000
Purpose:	The City will use the Authority loan to refund its USDA Water Revenue Bond, Series 2003, and its USDA Water Revenue Bond, Series 2007.
2000 Census Population of City of Weiser	5,410
2010 Census Population of City of Weiser	5,507
2013 Total Personal Income	$33,107
% of Total State Personal Income	70.8%
2013 Per Capita Income	$16,883
Pledged Security:	Water System Net Revenues
Existing Debt with Same Pledge:	$1,736,288.61 USDA-RD loans, which will be refunded by the Authority loan to the City, and a $819,610.47 Idaho Department of Environmental Quality loan.
FY 2014 Net System Revenues (audited):	$541,790
FY 2015 Net System Revenues (audited):	$653,655
FY 2016 Net System Revenues (audited):	$841,574
Maximum Annual Debt Service on Parity Loans:	$225,717
Forecast FY 2017 Net System Revenues:	$582,000
Debt Service Coverage of Estimated Maximum Annual Debt Service on Parity Loans:	2.58
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.
FY 2016 City Revenue from State-Shared Sources:	$380,834

2017A Participant	Eagle Sewer District
Par Amount of Loan:	$3,560,000
Purpose:	The District will use the Authority loan to partially refund its Sewer Revenue Note, Series 2008.
2000 Census Population of Eagle	13,154 (City of Eagle, ID)
2010 Census Population of Eagle	19,908 (City of Eagle, ID)
2013 Total Personal Income	$80,788
% of Total State Personal Income	172.7%
2013 Per Capita Income	$39,238
Pledged Security:	Sewer System Net Revenues
Existing Debt with Same Pledge:	$590,000 IBBA loan (Series 2008A)
FY 2014 Net System Revenues (audited):	$2,335,800
FY 2015 Net System Revenues (audited):	$2,917,405
FY 2016 Net System Revenues (unaudited):	$2,052,844
Maximum Annual Debt Service on IBBA Loans:	$501,500
Forecast FY 2017 Net System Revenues:	$1,162,987
Debt Service Coverage of Estimated Maximum Annual Debt Service on IBBA Loans:	2.72
Debt Service Reserve Fund:	The reserve requirement is waived.
Rate Covenant:	Rates need to be established such that net system revenues equal at least 125% times annual debt service.

2017B Participant	Power County, Idaho
Par Amount of Loan:	$8,000,000
Purpose:	The County will use the Authority loan to finance the acquisition of water rights in Power County.
2000 Census Population of Power County	7,538
2010 Census Population of Power County	7,817
2013 Total Personal Income[1]	$44,212
% of Total State Personal Income	94.5%
2013 Per Capita Income[1]	$17,684
Pledged Security:	Full faith and credit of taxable property in the County
Maximum Annual Debt Service on IBBA Loans	$478,877.50
Existing Debt with Same Pledge:	None.
Debt Service Reserve Fund:	Not required.
FY 2016 County Revenue from State-Shared Sources:	$260,627

[1]*Data for Power County, Idaho*

Summary of Participant Loans and Select Information

SUMMARY OF PARTICIPANT LOANS WITH THE IDAHO BOND BANK

(as of March 1, 2017)

Participant		Bond Bank Series	Original Loan Amounts	Outstanding Loan Amounts	% of Total Outstanding	Final Maturity (Fiscal Year)	FY 2017 Payments	% Total FY 2017 Loan Payments	Security Pledge
Benewah County		2009C	$1,670,000	$1,020,000	0.31%	2025	$ 149,100	0.45%	Solid Waste System Revenue, Sales Tax Intercept
Benewah County		2010B	28,490,000	26,010,000	8.00%	2041	2,192,838	6.67%	*Ad Valorem Property Taxes, Hospital Revenues, Sales Tax Intercept*
Blackfoot		2004	345,000	-	0.00%	2014	-	0.00%	Sewer System Revenue, Sales Tax Intercept
Boise County		2012C	2,690,000	1,215,000	0.37%	2020	429,044	1.31%	Mil levy, Sales Tax Intercept
Bonneville School District No. 93		2009A	24,440,000	1,600,000	0.49%	2029	188,625	0.57%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Bonners Ferry	(2)	2017A	495,000	495,000	0.15%	2025	-	0.00%	Electric System Revenues, Sales Tax Intercept
Bonners Ferry	(2)	2017A	2,570,000	2,570,000	0.79%	2041	-	0.00%	Water System Revenues, Sales Tax Intercept
Buhl		2008C	14,990,000	655,000	0.20%	2039	340,663	1.04%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Buhl		2008C	8,000,000	350,000	0.11%	2039	186,856	0.57%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Buhl		2012D	925,000	585,000	0.18%	2023	107,150	0.33%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Buhl		2015B	12,025,000	12,010,000	3.69%	2038	573,213	1.74%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Buhl		2015B	6,225,000	6,220,000	1.91%	2038	294,275	0.90%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Burley		2012B	2,645,000	1,925,000	0.59%	2024	323,738	0.98%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Burley		2012D	16,380,000	13,715,000	4.22%	2033	1,238,650	3.77%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Burley		2012D	1,870,000	1,510,000	0.46%	2030	156,850	0.48%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Cabinet Mountain Water District		2012A	2,095,000	1,575,000	0.48%	2028	176,650	0.54%	Water System Revenues, Reserve Fund
Caldwell		2006B	3,605,000	795,000	0.24%	2019	449,750	1.37%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Caldwell LID		2007B	145,000	15,000	0.00%	2018	16,226	0.05%	LID Assessments, LID Guarantee Fund
Caribou County		2012A	3,225,000	2,765,000	0.85%	2035	223,888	0.68%	Judicially confirmed payments from the General Fund, Sales Tax Intercept

Cascade		2006B	4,240,000	-	0.00%	2017	257,294	0.78%	Water & Sewer Revenues, Sales Tax Intercept
Cascade	(2)	2017A	2,905,000	2,905,000	0.89%	2037	-	0.00%	Water & Sewer Revenues, Sales Tax Intercept
Coeur d'Alene		2004	3,560,000	-	0.00%	2016	-	0.00%	Sewer System Revenue, Sales Tax Intercept
Coeur d'Alene		2012D	10,435,000	8,545,000	2.63%	2028	991,700	3.02%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Council		2012D	205,000	160,000	0.05%	2025	21,550	0.07%	Sewer System Revenue, Sales Tax Intercept
Driggs		2004	1,005,000	340,000	0.10%	2022	85,360	0.26%	Sewer System Revenue, Sales Tax Intercept
Driggs		2008D	320,000	90,000	0.03%	2022	30,530	0.09%	Assessment Payments, Guarantee Fund
Eagle		2006B	1,935,000	220,000	0.07%	2018	226,250	0.69%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Eagle		2013B	985,000	805,000	0.25%	2026	104,400	0.32%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Eagle Sewer District		2008A	6,500,000	590,000	0.18%	2019	492,619	1.50%	Sewer System Revenues
Eagle Sewer District	(2)	2017A	3,560,000	3,560,000	1.09%	2028	-	0.00%	Sewer System Revenues
Emmett		2012B	10,435,000	9,380,000	2.89%	2039	601,775	1.83%	Water & Sewer Revenues, Reserve Fund, Sales Tax Intercept
Emmett		2013A	1,000,000	1,000,000	0.31%	2043	35,000	0.11%	Water & Sewer Revenues, Reserve Fund, Sales Tax Intercept
Garden City		2011A	1,510,000	810,000	0.25%	2022	183,150	0.56%	Water & Sewer Revenues, Reserve Fund, Sales Tax Intercept
Gooding		2004	855,000	70,000	0.02%	2019	33,480	0.10%	Sewer System Revenue, Sales Tax Intercept
Glenns Ferry		2013B	1,180,000	1,065,000	0.33%	2034	88,913	0.27%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Grangeville		2012A	3,060,000	2,785,000	0.86%	2034	237,150	0.72%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Hailey		2012D	1,660,000	1,370,000	0.42%	2029	151,300	0.46%	Water System Revenues, Sales Tax Intercept
Hailey		2012D	2,085,000	1,210,000	0.37%	2022	268,100	0.82%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Hailey		2014C	6,335,000	6,175,000	1.90%	2035	294,075	0.89%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Heyburn		2008A	3,000,000	150,000	0.05%	2019	195,375	0.59%	Water System Revenue, Sales Tax Intercept
Heyburn	(2)	2017A	2,190,000	2,190,000	0.67%	2038	-	0.00%	Water System Revenue, Sales Tax Intercept
Jefferson County		2012B	6,065,000	5,130,000	1.58%	2032	469,163	1.43%	Judicially confirmed payments from the General Fund, Sales Tax Intercept
Jerome		2006A	9,000,000	-	0.00%	2027	435,625	1.33%	Sewer System Revenue, Reserve Fund
Jerome	(1)	2008A	4,325,000	425,000	0.13%	2019	339,488	1.03%	Water System Revenue, Sales Tax Intercept
Jerome	(2)	2017A	2,265,000	2,265,000	0.70%	2028	-	0.00%	Water System Revenue, Sales Tax Intercept
Jerome		2008A	800,000	550,000	0.17%	2029	61,800	0.19%	*Ad Valorem Property Taxes, Sales Tax Intercept*

Jerome		2014A	13,600,000	13,420,000	4.13%	2038	625,733	1.90%	Sewer System Revenue, Reserve Fund
Jerome		2014C	5,130,000	5,100,000	1.57%	2026	219,600	0.67%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Jerome County		2013B	10,700,000	9,975,000	3.07%	2038	730,344	2.22%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Joint School District No. 331 (Minidoka)		2008E	4,400,000	390,000	0.12%	2029	208,431	0.63%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Kendrick		2008C	370,000	125,000	0.04%	2020	42,056	0.13%	Water & Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Ketchum - Sewer		2006A	1,730,000	-	0.00%	2026	87,125	0.27%	Sewer System Revenue, Reserve Fund
Ketchum - Water		2006A	5,810,000	-	0.00%	2036	194,958	0.59%	Water System Revenue, Reserve Fund
Ketchum		2014C	1,950,000	1,855,000	0.57%	2025	169,300	0.52%	Sewer System Revenues, Reserve Fund, Sales Tax Intercept
Ketchum		2015B	2,310,000	2,310,000	0.71%	2034	111,075	0.34%	Water System Revenue, Reserve Fund
Lemhi County		2011A	8,215,000	6,395,000	1.97%	2028	731,700	2.23%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Lost Rivers Hospital District		2014B	5,545,000	5,350,000	1.65%	2035	337,462	1.03%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Madison Library District		2008E	3,920,000	350,000	0.11%	2029	186,006	0.57%	*Ad Valorem Property Taxes*
Madison School District No. 321		2008E	19,500,000	1,200,000	0.37%	2029	596,156	1.81%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Malad	(2)	2017A	1,535,000	1,535,000	0.47%	2033	-	0.00%	Sewer System Revenue, Sales Tax Intercept
McCall		2004	2,780,000	1,150,000	0.35%	2023	231,130	0.70%	Sewer System Revenue, Sales Tax Intercept
McCall		2008B	7,095,000	5,920,000	1.82%	2030	489,950	1.49%	Sewer System Revenue, Sales Tax Intercept Reserve Fund (2008B Only)
Middleton School District No. 134		2009A	24,355,000	1,990,000	0.61%	2029	910,525	2.77%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Mountain Home		2012A	1,695,000	1,485,000	0.46%	2032	131,700	0.40%	Judicially confirmed payments from the General Fund, Sales Tax Intercept
Mountain Home		2012B	1,915,000	1,475,000	0.45%	2028	182,238	0.55%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Nampa		2012D	3,250,000	2,650,000	0.82%	2031	262,900	0.80%	Water System Revenues, Sales Tax Intercept
North Kootenai Water & Sewer District		2009C	7,995,000	5,910,000	1.82%	2030	587,000	1.79%	Water System Revenue, Reserve Fund
Orofino		2006A	875,000	-	0.00%	2014	-	0.00%	Water & Sewer Revenues, Reserve Fund, Sales Tax Intercept
Parma		2004	510,000	205,000	0.06%	2023	44,185	0.13%	Sewer System Revenue, Sales Tax Intercept
Payette County		2011A	945,000	290,000	0.09%	2019	147,175	0.45%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Pocatello		2004	2,015,000	-	0.00%	2015	-	0.00%	Sewer System Revenue, Sales Tax Intercept
Pocatello		2012D	13,730,000	9,885,000	3.04%	2027	1,458,000	4.44%	Sewer System Revenue, Sales Tax Intercept
Pocatello		2015A	22,315,000	21,255,000	6.54%	2035	1,503,413	4.57%	Sewer System Revenue, Sales Tax Intercept

Power County	(2)	2017B	8,000,000	8,000,000	2.46%	2047	-	0.00%	*Ad Valorem Property Taxes, Sales Tax Intercept*
Rexburg		2010C	10,000,000	6,525,000	2.01%	2026	858,050	2.61%	Wastewater System Net Revenues, Sales Tax Intercept
Rupert		2012D	1,225,000	1,035,000	0.32%	2033	88,750	0.27%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Rupert		2012D	10,570,000	9,095,000	2.80%	2039	723,769	2.20%	Sewer System Revenue, Sales Tax Intercept
Salmon		2012B	565,000	305,000	0.09%	2022	68,538	0.21%	Water System Revenues, Reserve Fund, Sales Tax Intercept
Sandpoint		2007A	8,700,000	-	0.00%	2028	524,288	1.59%	Sewer System Revenue, Sales Tax Intercept, Reserve Fund
St. Anthony		2012D	3,295,000	2,750,000	0.85%	2038	267,019	0.81%	Sewer System Revenue, Sales Tax Intercept
St. Anthony		2012D	710,000	545,000	0.17%	2028	64,100	0.20%	Water System Revenues, Sales Tax Intercept
St. Maries Fire District		2012A	400,000	295,000	0.09%	2028	35,638	0.11%	*Ad Valorem Property Taxes*
South Fork Sewer District		2013A	2,330,000	1,535,000	0.47%	2022	279,500	0.85%	Sewer System Revenue
Sun Valley Water & Sewer District		2013A	1,660,000	860,000	0.26%	2019	299,850	0.91%	*Ad Valorem Property Taxes*
Teton County		2007A	3,000,000	1,940,000	0.60%	2028	222,644	0.68%	Solid Waste System Revenue, Sales Tax Intercept
Twin Falls		2009B	10,255,000	665,000	0.20%	2018	888,069	2.70%	Water System Revenue, Sales Tax Intercept
Twin Falls	(2)	2017A	4,905,000	4,905,000	1.51%	2025	-	0.00%	Water System Revenue, Sales Tax Intercept
Twin Falls		2010A	18,595,000	12,410,000	3.82%	2026	1,724,167	5.25%	Water System Revenue, Sales Tax Intercept
Twin Falls		2012C	11,600,000	8,450,000	2.60%	2028	1,126,594	3.43%	Wastewater System Net Revenues, Sales Tax Intercept
Twin Falls		2012C	3,070,000	1,935,000	0.60%	2023	371,669	1.13%	Water System Revenue, Sales Tax Intercept
Twin Falls		2014A	38,000,000	34,500,000	10.61%	2033	2,341,700	7.12%	Wastewater System Net Revenues, Sales Tax Intercept
Weiser	(2)	2017A	1,520,000	1,520,000	0.47%	2034	-	0.00%	Water System Revenue, Sales Tax Intercept
Whitepine 'School District		2012A	1,385,000	810,000	0.25%	2023	146,713	0.45%	Mil levy, Sales Tax Intercept
Totals			$538,220,000	$325,120,000	100.00%		$ 32,870,825	100.00%	

(1) Jerome has two Water System Loans funded from Series 2008A (New money loan - subject to State Intercept, and Refinancing Loan - not subject to State Intercept.)

(2) This bond issue.

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
Boise County	2012C	9/30/2012	5/30/2013
Bonneville School District #93	2009A	6/30/2012	2/11/2013
City of Cascade	2006B	9/30/2012	4/10/2013
City of Driggs	2004A, 2008D	9/30/2011	6/22/2012
City of Driggs	2004A, 2008D	9/30/2012	7/10/2013
City of Grangeville	2012A	9/30/2011	11/5/2012
City of Grangeville	2012A	9/30/2012	6/25/2013
City of Mountain Home	2012A	9/30/2011	10/3/2012
Jefferson County	2012B	9/30/2012	5/16/2013
Lemhi County	2011A	9/30/2012	4/9/2013
Madison Library District	2008E	9/30/2011	6/22/2012
Minidoka School District	2008E	6/30/2012	2/11/2013
St. Maries Fire Protection District	2012A	9/30/2011	8/27/2012
Teton County	2007A	9/30/2011	4/11/2012
Whitepine School District #288	2012A	6/30/2012	3/6/2013

Appendix G
Audited Financial Statement of the Authority

Financial Statements
June 30, 2016

Idaho Bond Bank Authority

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To Honorable Ron Crane, 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, 2016, and the related statement of revenues, expenses and changes in net position and the statement of cash flows the 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.

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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, 2016, 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.

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.

Restatement and Reissuance

In our report dated September 19, 2016, we expressed an unmodified opinion on the 2016 financial statements of Idaho Bond Bank Authority. Subsequent to that date, it was discovered that the table presenting future interest payments for Series 2008E, 2009A and total interest payments in Note 2 to the financial statements were incorrect. The future interest payments table in Note 2 to the financial statements has been restated to correct these errors. Our opinion on the revised statements, as expressed herein, remains unmodified.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated September 19, 2016 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 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 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.

Eide Bailly LLP

Boise, Idaho
September 19, 2016, except as to the future interest payments for Series 2008E, 2009A and total interest payments in Note 2 which is as of November 10, 2016.

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 Bond Bank) or (the 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 2016. The Statement of Revenues, Expenses and Changes in Net Position report the Authority's operations for fiscal year 2016 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. Premiums and discounts are capitalized and amortized using the effective interest method. 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

During fiscal year 2016 the Authority approved three municipal loan applications to refund projects in two communities, resulting in $20.56 million in bonds being issued. This activity level decreased from FY 2015 when the Bond Bank issued $35.73 million in bonds to fund projects in four communities. The decrease was primarily due to the size of the projects that were funded.

The following table shows the value of Bond Bank assets, liabilities and net position summarized as of June 30, 2016 and 2015.

	2016	2015	$ Change	% Change
ASSETS				
Total assets	$ 361,612,180	$ 421,956,332	$ (60,344,152)	-14%
LIABILITIES				
Total current liabilities	23,785,606	23,635,665	149,941	1%
Total noncurrent liabilities	342,618,225	403,832,132	(61,213,907)	-15%
Total liabilities	366,403,831	427,467,797	(61,063,966)	-14%
NET POSITION				
Unrestricted	(4,791,651)	(5,511,465)	719,814	-13%
Total liabilities and net position	$ 361,612,180	$ 421,956,332	$ (60,344,152)	-14%

The following table shows the activity of Bond Bank including revenues, expenses and changes in net position summarized as of June 30, 2016 and 2015.

	2016	2015	$ Change	% Change
OPERATING REVENUES				
Total operating revenues	$ 14,071,009	$ 15,523,172	$ (1,452,163)	-9%
OPERATING EXPENSES				
Total operating expenses	13,351,195	15,803,846	(2,452,651)	-16%
CHANGE IN NET POSITION	719,814	(280,674)	1,000,488	-356%
NET POSITION, BEGINNING OF YEAR	(5,511,465)	(5,230,791)	(280,674)	5%
NET POSITION, END OF YEAR	$ (4,791,651)	$ (5,511,465)	$ 719,814	-13%

The negative net position is the result of the accounting treatment of GASB 65 and not a result of operations. As a result of the implementation of GASB 65, the Bond Bank expenses the cost of issuance of bonds issued during each fiscal year. The premiums and discounts of the bonds payable and the notes receivable are amortized over the life of the bonds and notes respectively. The difference in the timing of the treatment of these items creates a negative net position that will move to zero as the bonds mature. Although the amortization of outstanding premiums will move the net position closer to zero, new bonds that are issued will result in a larger negative net position for the current year. We do not expect the net position to affect the ability of the Bond Bank to operate going forward.

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 years 2016 and 2015, there were no unusual or excessive administrative expenses.

OTHER INFORMATION

The Bond Bank did submit a response to the SEC under the MCDC initiative. As of Financial Statement issue date, we have not received a response from the SEC with regards to the IBBA MCDC submission.

CONTACT INFORMATION

This financial report is designed to provide our customers, investors, and creditors with a general overview of the Bond Bank's finances and to demonstrate the Bond Bank's 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, 2016

ASSETS	
Cash held with Idaho State Treasurer	$ 303,589
Loans and notes receivable, current portion	19,000,000
Interest receivable	4,785,606
Total current assets	24,089,195
Loans and notes receivable, net of current portion, net of discounts / premiums	337,522,985
Total noncurrent assets	337,522,985
	$ 361,612,180
LIABILITIES	
Revenue bonds payable, current portion	$ 19,000,000
Interest payable	4,785,606
Total current liabilities	23,785,606
Revenue bonds payable, net of current portion, net of premium / discounts	342,618,225
Total noncurrent liabilities	342,618,225
Total liabilities	366,403,831
NET POSITION	
Unrestricted	(4,791,651)
	$ 361,612,180

See Notes to Financial Statements

OPERATING REVENUES	
Interest income	$ 14,035,972
Origination fee	35,037
Total operating revenues	14,071,009
OPERATING EXPENSES	
Interest expense	12,936,388
Cost of issuance	365,194
Other expense	49,613
Total operating expenses	13,351,195
CHANGE IN NET POSITION	719,814
NET POSITION, BEGINNING OF YEAR	(5,511,465)
NET POSITION, END OF YEAR	$ (4,791,651)

Idaho Bond Bank Authority

Statement of Cash Flows
Year Ended June 30, 2016

Operating Activities	
Receipts from bond issuance fees	$ 36,555
Cash payments to suppliers for services	(49,613)
Net Cash used for Operating Activities	(13,058)
Noncapital Financing Activities	
Receipts from bonds issued	23,738,381
Payments on bond principal	(81,490,000)
Payments of bond interest	(16,282,773)
Payments of issue costs	(365,194)
Net Cash used for Noncapital Financing Activities	(74,399,586)
Investing Activities	
Disbursements of loans receivable	(23,373,187)
Receipts of loan principal	81,490,000
Receipts of loan interest	16,282,773
Net Cash from Investing Activities	74,399,586
Net Change in Cash and Cash Equivalents	(13,058)
Cash Held with Idaho State Treasurer, Beginning of Year	316,647
Cash Held with Idaho State Treasurer, End of Year	$ 303,589
Reconciliation of Operating Income to Net Cash used for Operating Activities	
Change in net position	$ 719,814
Adjustments to reconcile operating loss to net cash used for operating activities	
Cost of issuance expense	365,194
Note receivable premium / discount amortization	1,983,260
Bond premium / discount amortization	(3,081,326)
Net Cash used for Operating Activities	$ (13,058)

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.

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 the 90-day Treasury constant maturity rate. 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, 2016 is $339,190,000, with $19,000,000 receivable within one year. Interest rates range from 2.00% 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, 2016. The allowance for loan loss is considered a significant estimate and it is at 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 $23,641,901 in net premiums as of June 30, 2016. Amortization of note discount or premium for the year ended June 30, 2016 was $1,983,260 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, 2016 was $6,308,915 with a discount, net of accumulated amortization, of $17,332,986.

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 $32,460,669 in net premium as of June 30, 2016. Amortization of bond premium or discount for the year ended June 30, 2016 was $3,081,326 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, 2016 was $10,032,444 with a premium, net of accumulated amortization, of $22,428,225.

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	Series 2004A		Series 2006A		Series 2006B		Series 2007A	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 315,000	$ 79,155	$ 660,000	$ 98,915	$ 710,000	$ 223,294	$ 540,000	$ 322,969
2018	330,000	65,010	135,000	79,715	745,000	186,919	560,000	300,281
2019	345,000	51,840	145,000	73,970	485,000	156,169	585,000	277,031
2020	320,000	38,540	145,000	67,844	115,000	141,744	605,000	253,231
2021	335,000	25,273	150,000	61,575	120,000	137,044	630,000	228,531
2022-2026	435,000	15,008	875,000	201,659	690,000	590,220	3,565,000	727,071
2027-2031	-	-	415,000	19,513	885,000	394,345	1,640,000	70,550
2032-2036	-	-	-	-	1,105,000	169,229	-	-
2037-2041	-	-	-	-	250,000	5,156	-	-
2042-2046	-	-	-	-	-	-	-	-
Total	$ 2,080,000	$ 274,826	$ 2,525,000	$ 603,191	$ 5,105,000	$ 2,004,120	$ 8,125,000	$ 2,179,664
Interest Rate	2.50% - 5.00%		4.00% - 5.00%		4.00% - 5.00%		4.00% - 4.25%	

Fiscal Year	Series 2007B		Series 2008A		Series 2008B		Series 2008C	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 15,000	$ 1,226	$ 580,000	$ 509,281	$ 215,000	$ 274,950	$ 500,000	$ 69,575
2018	15,000	619	610,000	482,869	225,000	266,150	530,000	43,863
2019	-	-	625,000	455,681	230,000	257,050	555,000	16,706
2020	-	-	665,000	428,716	245,000	247,550	45,000	1,069
2021	-	-	690,000	400,769	250,000	237,650	-	-
2022-2026	-	-	3,935,000	1,487,769	2,320,000	925,700	-	-
2027-2031	-	-	2,775,000	514,375	2,650,000	245,701	-	-
2032-2036	-	-	775,000	192,875	-	-	-	-
2037-2041	-	-	370,000	18,750	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-
Total	$ 30,000	$ 1,845	$ 11,025,000	$ 4,491,085	$ 6,135,000	$ 2,454,751	$ 1,630,000	$ 131,213
Interest Rate	3.625% - 4.125%		3.25% - 5.00%		3.50% - 5.00%		4.00% - 5.625%	

Fiscal Year	Series 2008D		Series 2008E (As Restated)		Series 2009A (As Restated)		Series 2009B	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 25,000	$ 5,530	$ 875,000	$ 115,594	$ 960,000	$ 139,150	$ 645,000	$ 243,069
2018	25,000	4,418	960,000	73,000	1,060,000	107,525	665,000	224,225
2019	5,000	3,255	980,000	24,500	2,530,000	45,150	685,000	202,263
2020	-	3,015	-	-	-	-	710,000	177,850
2021	30,000	3,015	-	-	-	-	735,000	147,050
2022-2026	30,000	1,515	-	-	-	-	3,265,000	266,538
2027-2031	-	-	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-
Total	$ 115,000	$ 20,748	$ 2,815,000	$ 213,094	$ 4,550,000	$ 291,825	$ 6,705,000	$ 1,260,995
Interest Rate	2.30% - 5.15%		3.50% - 5.50%		3.00% - 5.375%		2.00% - 5.00%	

Fiscal Year	Series 2009C		Series 2010A		Series 2010B		Series 2010C	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 445,000	$ 291,100	$ 1,115,000	$ 609,167	$ 655,000	$ 1,537,838	$ 620,000	$ 238,050
2018	465,000	272,900	1,140,000	567,431	685,000	1,509,363	635,000	219,225
2019	480,000	254,000	1,165,000	521,021	710,000	1,480,607	655,000	199,875
2020	500,000	231,900	1,195,000	470,564	740,000	1,451,763	675,000	179,925
2021	525,000	208,900	1,230,000	416,591	770,000	1,420,807	695,000	158,506
2022-2026	2,810,000	708,400	7,680,000	1,084,864	4,240,000	6,459,098	3,865,000	388,094
2027-2031	2,150,000	176,400	-	-	5,095,000	5,107,797	-	-
2032-2036	-	-	-	-	6,205,000	3,364,219	-	-
2037-2041	-	-	-	-	7,565,000	1,219,844	-	-
2042-2046	-	-	-	-	-	-	-	-
Total	$ 7,375,000	$ 2,143,600	$ 13,525,000	$ 3,669,638	$ 26,665,000	$ 23,551,336	$ 7,145,000	$ 1,383,675
Interest Rate	4.00% - 5.00%		2.50% - 5.06%		3.00% - 6.25%		2.00% - 4.00%	

Fiscal Year	Series 2011A		Series 2012A		Series 2012B		Series 2012C	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 745,000	$ 317,025	$ 565,000	$ 386,738	$ 860,000	$ 785,450	$ 1,530,000	$ 397,306
2018	775,000	294,225	580,000	369,563	880,000	757,100	1,550,000	378,056
2019	790,000	266,800	600,000	354,863	915,000	716,625	1,570,000	356,594
2020	670,000	237,600	600,000	342,863	965,000	679,275	1,595,000	304,944
2021	705,000	210,100	620,000	326,013	995,000	644,900	1,245,000	233,944
2022-2026	3,175,000	657,900	2,935,000	1,373,569	4,660,000	2,506,500	4,415,000	424,434
2027-2031	1,380,000	69,750	2,585,000	752,375	4,050,000	1,550,200	1,225,000	30,813
2032-2036	-	-	1,795,000	138,375	2,580,000	862,400	-	-
2037-2041	-	-	-	-	2,590,000	383,200	-	-
2042-2046	-	-	-	-	580,000	11,600	-	-
Total	$ 8,240,000	$ 2,053,400	$ 10,280,000	$ 4,044,359	$ 19,075,000	$ 8,897,250	$ 13,130,000	$ 2,126,091
Interest Rate	2.00% - 5.00%		2.00% - 5.00%		2.00% - 5.00%		1.25% - 5.00%	

Fiscal Year	Series 2012D		Series 2013A		Series 2013B		Series 2014A	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 3,560,000	$ 2,239,838	$ 500,000	$ 114,350	$ 365,000	$ 558,656	$ 1,065,000	$ 1,902,432
2018	3,695,000	2,094,738	515,000	99,125	375,000	541,981	1,085,000	1,867,320
2019	3,855,000	1,982,288	535,000	83,375	400,000	526,606	1,140,000	1,831,645
2020	3,930,000	1,865,138	545,000	67,175	410,000	510,356	1,155,000	1,794,220
2021	4,080,000	1,704,938	260,000	55,100	430,000	491,506	1,210,000	1,735,095
2022-2026	19,640,000	6,076,613	540,000	191,350	2,470,000	2,118,031	8,565,000	7,645,000
2027-2031	12,400,000	2,059,263	-	175,000	2,700,000	1,484,478	16,290,000	5,419,712
2032-2036	4,210,000	418,322	-	175,000	3,055,000	865,550	14,845,000	1,862,850
2037-2041	1,245,000	56,172	-	175,000	2,005,000	153,625	3,630,000	226,765
2042-2046	-	-	1,000,000	52,500	-	-	-	-
Total	$ 56,615,000	$ 18,497,310	$ 3,895,000	$ 1,187,975	$ 12,210,000	$ 7,250,789	$ 48,985,000	$ 24,285,039
Interest Rate	2.00% - 5.00%		3.00% - 3.50%		2.00% - 5.00%		1.50% - 5.00%	

Fiscal Year	Series 2014B		Series 2014C		Series 2015A		Series 2015 B	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 100,000	$ 237,462	$ 150,000	$ 532,975	$ 665,000	$ 838,413	$ 20,000	$ 958,563
2018	100,000	234,962	675,000	524,725	700,000	804,288	75,000	957,613
2019	100,000	232,462	690,000	511,075	735,000	768,413	80,000	956,063
2020	235,000	227,687	700,000	493,675	775,000	730,663	630,000	948,963
2021	240,000	219,962	730,000	464,925	810,000	691,038	640,000	933,063
2022-2026	1,350,000	952,623	5,365,000	1,616,000	5,210,000	2,757,738	3,530,000	4,302,931
2027-2031	1,675,000	620,674	2,880,000	549,375	6,785,000	1,514,463	5,115,000	3,314,375
2032-2036	1,650,000	170,000	2,090,000	146,900	6,240,000	396,569	6,550,000	1,791,500
2037-2041	-	-	-	-	-	-	3,920,000	300,250
2042-2046	-	-	-	-	-	-	-	-
Total	$ 5,450,000	$ 2,895,832	$ 13,280,000	$ 4,839,650	$ 21,920,000	$ 8,501,585	$ 20,560,000	$ 14,463,321
Interest Rate	2.50% - 5.00%		2.00% - 5.00%		3.00% - 5.00%		2.00% - 5.00%	

Total revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Total (As Restated) Principal	Interest
2017	$ 19,000,000	$ 14,028,071
2018	19,790,000	13,327,209
2019	21,590,000	12,605,927
2020	18,170,000	11,896,270
2021	18,125,000	11,156,295
2022-2026	95,565,000	43,478,625
2027-2031	72,695,000	24,069,159
2032-2036	51,100,000	10,553,789
2037-2041	21,575,000	2,538,762
2042-2046	1,580,000	64,100
Total	$ 339,190,000	$ 143,718,207

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 2006A, 2006B, 2007A, 2007B, 2008A, 2008B, 2008C, 2008D, 2009B, 2009C, 2010A, 2010B, 2010C, 2011A, 2012A, 2012B, 2012C, 2012D, 2013A, 2013B, 2014A, 2014B, 2014C, 2015A and 2015B bonds are further secured by monies in the debt service reserve funds held by each participant. The reserve requirement 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.

The changes in long-term liabilities for the fiscal year ended June 30, 2016 are as follows:

Long-Term Liabilities	Balances at June 30, 2015	Increases	Reductions	Balances at June 30, 2016	Amounts Due Within One Year
Revenue Bonds - 2004A	$ 2,805,000	$ -	$ (725,000)	$ 2,080,000	$ 315,000
Revenue Bonds - 2006A	5,795,000	-	(3,270,000)	2,525,000	660,000
Revenue Bonds - 2006B	5,785,000	-	(680,000)	5,105,000	710,000
Revenue Bonds - 2007A	8,640,000	-	(515,000)	8,125,000	540,000
Revenue Bonds - 2007B	45,000	-	(15,000)	30,000	15,000
Revenue Bonds - 2008A	11,585,000	-	(560,000)	11,025,000	580,000
Revenue Bonds - 2008B	6,340,000	-	(205,000)	6,135,000	215,000
Revenue Bonds - 2008C	20,935,000	-	(19,305,000)	1,630,000	500,000
Revenue Bonds - 2008D	140,000	-	(25,000)	115,000	25,000
Revenue Bonds - 2008E	23,150,000	-	(20,335,000)	2,815,000	875,000
Revenue Bonds - 2009A	27,505,000	-	(22,955,000)	4,550,000	960,000
Revenue Bonds - 2009B	7,335,000	-	(630,000)	6,705,000	645,000
Revenue Bonds - 2009C	7,800,000	-	(425,000)	7,375,000	445,000
Revenue Bonds - 2010A	14,605,000	-	(1,080,000)	13,525,000	1,115,000
Revenue Bonds - 2010B	27,295,000	-	(630,000)	26,665,000	655,000
Revenue Bonds - 2010C	7,745,000	-	(600,000)	7,145,000	620,000
Revenue Bonds - 2011A	8,970,000	-	(730,000)	8,240,000	745,000
Revenue Bonds - 2012A	10,820,000	-	(540,000)	10,280,000	565,000
Revenue Bonds - 2012B	19,910,000	-	(835,000)	19,075,000	860,000
Revenue Bonds - 2012C	14,600,000	-	(1,470,000)	13,130,000	1,530,000
Revenue Bonds - 2012D	60,060,000	-	(3,445,000)	56,615,000	3,560,000

Long-Term Liabilities	Balances at June 30, 2015	Increases	Reductions	Balances at June 30, 2016	Amounts Due Within One Year
Revenue Bonds - 2013A	4,385,000	-	(490,000)	3,895,000	500,000
Revenue Bonds - 2013B	12,560,000	-	(350,000)	12,210,000	365,000
Revenue Bonds - 2014A	50,035,000	-	(1,050,000)	48,985,000	1,065,000
Revenue Bonds - 2014B	5,545,000	-	(95,000)	5,450,000	100,000
Revenue Bonds - 2014C	13,415,000	-	(135,000)	13,280,000	150,000
Revenue Bonds - 2015A	22,315,000	-	(395,000)	21,920,000	665,000
Revenue Bonds - 2015B	-	20,560,000	-	20,560,000	20,000
Total Revenue Bonds	400,120,000	20,560,000	(81,490,000)	339,190,000	19,000,000
Premiums/(Discounts)	22,297,132	3,212,418	(3,081,325)	22,428,225	-
Total Bonds Payable	$ 422,417,132	$ 23,772,418	$ (84,571,325)	361,618,225	$ 19,000,000
			Current portion	19,000,000	
			Long-term portion	$ 342,618,225	

Note 3 - Advanced Refundings

Middleton School District deposited bond proceeds of $24,597,274 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, $21,950,000 of the Series 2009A Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the IBBA. As a result, the Series 2009A Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The District achieved an economic gain of approximately $2,536,725 as a result of the refunding.

Madison School District deposited bond proceeds and excess debt service funds of $16,239,562 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, $14,440,000 of the Series 2008E Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the IBBA. As a result, the Series 2008E Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The District achieved an economic gain of approximately $2,128,397 as a result of the refunding.

Minidoka School District deposited bond proceeds of $2,942,541 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, $2,665,000 of the Series 2008E Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the IBBA. As a result, the Series 2008E Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The District achieved an economic gain of approximately $358,899 as a result of the refunding.

Madison Library District deposited bond proceeds of $2,625,009 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, $2,385,000 of the Series 2008E Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the IBBA. As a result, the Series 2008E Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The District achieved an economic gain of approximately $288,619 as a result of the refunding.

The Authority issued $20,560,000 of the 2015B refunding bonds at a premium of $3,212,418 to provide resources to purchase United State Treasury instruments that were placed in an irrevocable escrow for the purpose of generating resources for future debt service payments of $2,640,000 of the 2006A revenue bonds and $18,825,000 of the 2008C revenue bonds. As a result, the refunded bonds are considered to be partially defeased and the receivable from the participants and the liability for the defeased bonds has been removed from these financial statements. This advance refunding was undertaken to reduce total debt service payments by $569,798 with an economic gain of $191,592 for the 2006A participant and reduce total debt service payments by $3,371,802 with an economic gain of $1,527,010 for the 2008C participants.

In fiscal 2015 Middleton School District deposited bond proceeds of $20,051,551,558 to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund, $17,575,000 of the Series 2009A Bonds. The Bond proceeds were from a Bond issued by the School District that was not through the IBBA. As a result, the Series 2009A Bonds are considered to be partially defeased and the receivable from the School District and the liability for the defeased bonds have been removed from these financial statements. The District achieved an economic gain of approximately $941,258 as a result of the refunding

In fiscal year 2015 The Authority issued $6,050,000 of the 2014C refunding bonds at a premium of $1,015,936 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable escrow for the purpose of generating resources for future debt service payments of $6,390,000 of the 2006A revenue bonds. As a result, the refunded bonds are considered to be partially defeased and the receivable from the participants and the liability for the defeased bonds has been removed from these financial statements. This advance refunding was undertaken to reduce total debt service payments by $442,675 with an economic gain of $349,625 for the participants.

The outstanding balance of defeased bonds as of June 30, 2016 are as follows:

Bond Series Defeased	Outstanding at June 30, 2015	Current Year Defeasances	Bonds Redeemed	Outstanding at June 30, 2016
2006A	$ 6,390,000	$ 2,640,000	$ -	$ 9,030,000
2008C	-	18,825,000	-	18,825,000
2008E	-	19,490,000	-	19,490,000
2009A	17,575,000	21,950,000	-	39,525,000
Total	$ 23,965,000	$ 62,905,000	$ -	$ 86,870,000

Note 4 - Subsequent Events

On September 15, 2016, the City of Ketchum called the remaining balance of their 2006A Water bonds in the amount of $1,865,000. The Authority simultaneously called the remaining balance of the IBBA series 2006A bonds. As of September 15, 2016 the IBBA series 2006A bonds are fully redeemed.

Other Information
June 30, 2016

Idaho Bond Bank Authority

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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 Ron Crane, 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) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2016.

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 Authority'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 yet been identified.

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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.

Eide Bailly LLP

Boise, Idaho
September 19, 2016