



State of Idaho

Ron G. Crane
Idaho State Treasurer

Idaho School Bond Guaranty

APPLICATION-ISSUANCE OF CERTIFICATE OF ELIGIBILITY POLICIES

A. PURPOSE

The purpose of the policies are to establish the framework by which the Idaho State Treasurer's Office ("STO") can provide a guaranty to school district voter approved general obligation ("G.O.") debt through the Idaho School Bond Guaranty Program ("ISBG"). The policies are intended to assist the State Treasurer in the determination if it would be imprudent to issue a certificate as outlined in code section 33-5304(1)(e).

B. GOALS

The goal of these policies is to provide guidance to Idaho State Treasurer's staff ("the STO") and other involved parties regarding the application process and certificate of participation issuance process with the goals of maintaining the integrity of the ISBG program, and the credit rating received by the program.

C. IMPLEMENTATION

These policies shall be implemented by the Idaho State Treasurer's Office and may, at times, be amended by the Idaho State Treasurer and/or Chief Deputy Treasurer if determined such amendment to the policies is necessary.

SECTION 1. APPLICATION PROCEDURES – It is the intent of the STO to complete the following procedures within 30 days of receipt of a completed application.

1. Upon receipt of completed application, STO will analyze submitted materials according to guidelines established in section 2. of this policy.
2. Completed application will be forwarded to Superintendent of Public Instruction for review and recommendation.
3. STO reserves the right to hire a third party advisor for the review of any ISBG application; all costs associated with the third party will be passed through in addition to the standard \$250.00 non-refundable application fee.
4. When applicable, completed application will be submitted to EFIB for analysis and approval of credit enhancement certificate.



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SECTION 2. ISSUANCE OF CERTIFICATE OF ELIGIBILITY POLICY

Section 2.1 Overview

The Issuance of Certificate of Eligibility (COE) Policy provides guidance to the STO and other involved parties on the requirements for the issuance of a COE.

Section 2.2 General Considerations

The STO staff shall issue COE utilizing the process set forth below. STO reserves the right to decline an application if issuing a COE could negatively affect the credit rating of the ISBG, State of Idaho or if it could be considered imprudent as instructed in Idaho Code 33-5304(1)(e). If an application is declined, the STO will provide documentation outlining the reasons for denial.

A. General guidance

1. COE will be valid for 90 days following the date of issuance by the STO. The pricing must take place within the timeline set forth in the COE.

B. Requirements for the issuance of a COE.

- i) Current principal of outstanding debt including new debt to be issued must be less than 5.0% of the most recently reported full taxable property value within the school district as reported by the Idaho State Tax Commission at the time of issuance
- ii) Refunding non ISBG or IBBA guaranteed issues - The school district must show a minimum of 5.0% net present value savings at the time of closing. If multiple bonds are being refunded under a single new issue, each individual issue being refunded must show a minimum of 3.0% NPV savings at the time of closing and a combined NPV savings of 5.0% at the time of closing. A certificate will be issued at the time of application based on initial calculations. The certificate will be null and void if the net present value savings is not attained at pricing.

An exemption may be granted to the 5.0% net present value savings requirement for issuers that are seeking the benefit of restructuring their debt. The issuer must demonstrate to the STO that there is a clear benefit to the District by issuing with a COE. Validity of the proof of benefit will be determined at the discretion of the STO.

- iii) For all private placements, issuer must demonstrate to the STO a proof of benefit to the District by issuing with a COE. Validity of the proof of benefit will be determined at the discretion of the STO



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- iv) For issuers with an equivalent or higher underlying debt rating as the ISBG, issuer must demonstrate to the STO a proof of benefit to the district by issuing with a COE. Validity of the proof of benefit will be determined at the discretion of the STO.

IDAHO SCHOOL BOND GUARANTY DEBT CAPACITY POLICY

SECTION 1. DEBT CAPACITY POLICY:

The Idaho School Bond Guaranty Program has implemented a debt capacity policy to govern the debt load that is placed on the State sales tax pledge. The capacity is defined as follows:

The combined MADS (maximum annual debt service) of bonds issued by the School Bond Guarantee Program and the Idaho Bond Bank Authority shall be no greater than the Prior Fiscal Year audited state sales tax revenue divided by five (5).