

NOVEMBER 29, 2000

The City Council of the City of Idaho Falls met in Special Council Meeting, Wednesday, November 29, 2000, in the Council Chambers at 140 South Capital Avenue in Idaho Falls, Idaho.

There were present:

Mayor Linda Milam
 Councilmember Ida Hardcastle
 Councilmember Mary Klingler
 Councilmember Brad Eldredge
 Councilmember Mike Lehto
 Councilmember Joe Groberg

Absent was:

Councilmember Bruce Rose

Also present:

Dale Storer, City Attorney
 Rosemarie Anderson, City Clerk
 Craig Lords, Municipal Services Director
 Craig Rockwood, City Treasurer
 Jim Matsumori from George K. Baum and Company, Investment Bankers

Mayor Milam explained that the purpose of this Special Meeting is to consider a memo from the Airport Director requesting authorization to file a petition for judicial confirmation of Airport Renovation Project financing.

Following the roll call, Jim Matsumori, from George K. Baum and Company, Investment Bankers, appeared to state that he has done quite a bit of leg work with insurance companies, rating agencies, and bond purchasers. The bond purchasers were in the form of commercial banks that might be interested in privately placing the Certificates of Participation. A ceiling on the interest rates for these Certificates would be not to exceed 6-1/2%, given today's market rates. This represents the worst-case scenario. Mr. Matsumori presented a brief explanation of the following:

CITY OF IDAHO FALLS, IDAHO												
Summary of Outstanding and Proposed Certificates of Participation												
And Resulting Debt Service Coverage												
Fiscal Year Ending 9/30	Operating Revenues	Operating Expenses	Net Operating Revenues	PFC (Transfers In)	Revenues for Debt Service	SERIES 1993	SERIES 2001 BONDS			Total D/S	Coverage	SURPLUS
							Principal	Interest	P&I			
9/30/1996	1,197,324	922,553	274,881	285,337*	274,881	225,832				225,832.00	1.22	49,049
9/30/1997	1,246,411	838,935	407,476	220,759*	407,476	234,810				234,810.00	1.74	172,666
9/30/1998	1,223,066	787,014	436,052	394,891*	436,052	238,005				238,005.00	1.83	198,047
9/30/1999	1,245,884	852,395	393,489	494,000*	393,489	230,942				230,942.00	1.70	162,547
9/30/2000	1,405,296	1,031,947	373,349	360,000*	373,349	245,995				245,995.00	1.52	127,354
9/30/2001	1,447,455	1,062,905	284,549	370,800	755,349	249,915	170,000.00	189,475.00	359,475.00	609,390.00	1.24	145,959
9/30/2002	1,490,879	1,094,793	396,086	381,924	778,010	250,205	10,000.00	367,900.00	377,900.00	628,105.00	1.24	149,905
9/30/2003	1,535,605	1,127,636	407,969	393,382	801,350	248,550	330,000.00	367,250.00	397,250.00	645,800.00	1.24	155,550
9/30/2004	1,581,673	1,161,465	420,208	405,183	825,391	246,265	55,000.00	365,300.00	420,300.00	666,565.00	1.24	158,826
9/30/2005	1,629,123	1,196,309	432,814	417,339	850,152	248,350	75,000.00	361,725.00	436,725.00	685,075.00	1.24	165,077
9/30/2006	1,677,997	1,232,199	445,798	429,859	875,657	244,490	105,000.00	356,850.00	461,850.00	706,340.00	1.24	169,317
9/30/2007	1,728,337	1,269,165	459,172	442,755	901,927		375,000.00	350,025.00	725,025.00	725,025.00	1.24	176,902
9/30/2008	1,780,187	1,307,240	472,947	456,037	928,985		425,000.00	325,650.00	750,650.00	750,650.00	1.24	178,335
9/30/2009	1,833,593	1,346,457	487,136	469,718	956,854		455,000.00	298,025.00	753,025.00	753,025.00	1.27	203,829
9/30/2010	1,888,600	1,286,850	501,750	483,810	985,560		485,000.00	268,450.00	753,450.00	753,450.00	1.31	232,110
9/30/2011	1,945,258	1,428,456	516,802	498,324	1,015,127		515,000.00	236,925.00	751,925.00	751,925.00	1.35	263,202
9/30/2012	2,003,616	1,471,310	532,306	513,274	1,045,580		550,000.00	203,450.00	753,450.00	753,450.00	1.39	292,130
9/30/2013	2,063,725	1,515,449	548,276	528,672	1,076,948		585,000.00	167,700.00	752,700.00	752,700.00	1.43	324,248
9/30/2014	2,125,636	1,560,912	564,724	544,532	1,109,256		625,000.00	129,675.00	754,675.00	754,675.00	1.47	354,581
9/30/2015	2,189,405	1,607,740	581,666	560,868	1,142,534		665,000.00	89,050.00	754,050.00	754,050.00	1.52	388,464
9/30/2016	2,255,088	1,659,972	595,116	577,694	1,176,810		705,000.00	45,825.00	750,825.00	750,825.00	1.57	425,985
9/30/2017	2,322,740	1,705,651	617,089	595,025	1,212,114							1,212,114
9/30/2018	2,392,422	1,756,821	635,602	612,876	1,248,478							1,248,478
9/30/2019	2,464,195	1,809,525	654,670	631,262	1,285,932							1,285,932
9/30/2020	2,538,121	1,863,811	650,200	1,324,510								1,324,510
TOTAL							5,830,000.00	4,123,275.00	9,953,275.00	12,616,634.00		

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OUTSTANDING AND PROPOSED AIRPORT COPs	
SERIES 1993	1,205,000.00
SERIES 2001	<u>5,830,000.00</u>
TOTAL	7,035,000.00
George K. Baum and Company Public Finance	File = Uvsc.sf-Aggregate- 10/10/2000 3:35 p.m.
Notes: * Not included in Revenues for Debt Service	

Mr. Matsumori stated that given the projected Airport Revenues that he has been provided, the Airport Renovation Project could be financed with the Certificates of Participation and deal with all of the covenants within the bond documents.

Mayor Milam requested to know whether the Operating Expenses was based upon an inflationary formula. Mr. Matsumori stated that he used the first five years actual operating expenses and added some known expenses, along with a rate of inflation to reach those figures.

Councilmember Groberg questioned whether the figures provided included the refinancing of the existing Series 1993 Airport Bonds. Mr. Matsumori stated that the figures do not include refinancing the existing Series 1993 Airport Bonds. He explained, further, that through the legal opinion from Nick Miller from Hawley Troxell, that the City would not be able to refinance those in a tax-exempt basis.

Councilmember Groberg requested more information on the following schedule provided by Mr. Matsumori:

**Idaho Falls City Airport
Comparison of COP's versus Revenue Bonds
November 29, 2000**

**Insured, Rated (Investment Grade)
Difference of 15 basis points**

Rev.'s	5.43%	\$9,137,147	Total Debt Service
COP's	5.58%	\$9,242,422	Total Debt Service
	.15%	\$ 105,275	NPV = \$70,776

**Non-Insured, Rated (Investment Grade)
Difference of 25 basis points**

Rev.'s	5.72%	\$9,185,071	Total Debt Service
COP's	5.97%	\$9,346,433	Total Debt Service
	.25%	\$ 161,362	NPV = \$106,418

**Non-Insured, Non-Rated
Difference of up to 50 basis points**

Rev.'s	6.00%	\$9,636,100	Total Debt Service
COP's	6.50%	\$9,953,275	Total Debt Service
	.50%	\$ 317,175	NPV = \$200,333

Mr. Matsumori stated that he negotiated a ceiling on the interest rates and felt very comfortable in saying that it will not be more than \$200,000.00.

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The City Attorney explained that a Resolution has been drafted that would authorize the City Attorney as well as Bond Counsel to go forward with the petition for judicial confirmation. He then presented to the Mayor and Council a copy of the Resolution, giving a further explanation of the Resolution. Following is the Resolution being considered:

RESOLUTION

WHEREAS, the mission of the Airport of the City of Idaho Falls is to provide, operate and maintain safe, efficient, accessible and secure aviation facilities for the citizens of Idaho Falls;

WHEREAS, the Idaho Falls Airport has experienced a steady passenger growth during the past two decades;

WHEREAS, the passenger growth, the steadily increasing number of current Federal Aviation Administration ("FAA") security and safety requirements and measures, and various longstanding inadequacies and deficiencies associated with age, nature, placement and configuration of the basic core structure of the main Airport terminal building, have resulted in the present terminal building, parking and circulation systems not being able to efficiently and safety accommodate the growing number of air passengers using the Airport;

WHEREAS, the underlying need for a significant upgrade and/or partial replacement of this largely obsolete terminal structure has been extensively documented and studied and include the following: a 1997 summary report, Idaho Falls Air Service Improvement Program by R. A. Wiedemann & Associates; a 1999 subsequent planning study denominated as the Idaho Falls Municipal Airport Master Plan Update by Barnard Dunkelberg & Company; a 2000 study entitled Idaho Falls Municipal Airport Facility Assessment by Odell Associates, Inc.; a 2000 further report entitled Idaho Falls Airport Conceptual Narrative by Odell Associates, Inc.;

WHEREAS, the existing terminal building will be brought up to full modern building code to include full ADA compliance, update the 40 year old fire suppression system and provide proper fire egress from the second floor passenger hold room;

WHEREAS, renovation will provide an opportunity for full removal of asbestos;

WHEREAS, safety and security concerns and problems will be addressed by the proposed terminal area renovation and expansion project including the addition of loading bridges that accommodate all aircraft that service the airport and facilitate the access by passengers to and from the aircraft;

WHEREAS, the existing mechanical, electrical and plumbing systems are the product of many past separate attempted updates, are not presently integrated, and have not been integrated over the past 40 years of past construction efforts at the Airport;

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WHEREAS, the proposed renovation and improvements are herein referred to as the "Project";

WHEREAS, an Airline application was made to the FAA for the purpose of obtaining necessary FAA approval to impose and collect a \$3.00 passenger facility charge ("PFC") at the Airport and to use the approved PFC revenue to assist, in part, with meeting the anticipated costs associated with this terminal project;

WHEREAS, the FAA approved the Airport PFC Application No. 00-03-C-00-IDA on May 15, 2000;

WHEREAS, the City has been presented with a proposal under which the City would enter into (i) a Lease and Trust Agreement with U. S. Bank, National Association (the "Agreement") providing for the issuance of Certificates of Participation (the "Certificates") to finance the Project and (ii) a Purchase Agreement with George K. Baum and Company providing for the purchase and sale of the Certificates (the "Purchase Agreement");

WHEREAS, the City does not have sufficient funds available in its current fiscal year's budget to finance the cost of the acquisition of the Project, and the City has determined that it is necessary to finance up to \$7.5 million of the cost thereof from future years' PFC of the City, and to that end the City has further determined that it is in the best interest of the City to finance the cost of the Project through issuance of Certificates secured by the PFC in an amount not to exceed \$7.5 million;

WHEREAS, the City has determined that the indebtedness incurred for the Project constitutes an ordinary and necessary expense of the City authorized by the general laws of the State of Idaho within the meaning of Article VIII, Section 3, Idaho Constitution, for which no approving vote of the electors of the City is required;

WHEREAS, the City has determined that it is advisable to file a Petition for Judicial Confirmation (the "Petition") to approve the Agreement and the Certificates;

WHEREAS, the City conducted a public hearing on November 9, 2000, as required by the Judicial Confirmation Law and no person appeared at said hearing to object to the Project; and

WHEREAS, the City has received no other written or oral objection to the Project.

NOW, THEREFORE, IT IS RESOLVED THAT:

1. Subject to the entry of a final order of the District Court of the Seventh Judicial District of the State of Idaho, in and for the County of Bonneville (the "District Court"), confirming the authority of the City to issue Certificates for the Project, the City hereby resolves that as soon as the Court rules upon the issues set forth in the Petition, the District will proceed to perform its obligation under the Purchase Agreement, to issue the Certificates, in one or more issues through one or more separate sales that in the aggregate

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shall not exceed \$7,500,000, which will be used and secured by the PFC and to the extent necessary, by other lawfully available funds.

2. The Mayor, Treasurer and Clerk are authorized to execute the verification of the Petition, and counsel for the City is hereby authorized to file said Petition on behalf of the City in the District Court, and to take all actions necessary with respect hereto in order to obtain a judgment of said District Court in accordance with the prayer of the Petition.

3. The forms, terms and provisions of the Agreement, the Certificates and the Purchase Agreement hereby are approved and the Council shall enter into the Agreement, the Certificates and the Purchase Agreement in the forms of each of such documents presented to the Council at this meeting, with only such changes therein as are not inconsistent herewith; and the Mayor, Treasurer and Clerk of the Council are each hereby authorized to execute and deliver the Agreement, the Certificates and the Purchase Agreement and the Clerk is hereby authorized to affix the seal to and to attest the Agreement, the Certificates and the Purchase Agreement.

4. If any section, paragraph, clause or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this resolution.

5. All bylaws, orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order or resolution or part thereof.

DATED this 29th day of November, 2000.

s/ Linda Milam
Linda Milam
Mayor
City of Idaho Falls, Idaho

ATTEST:

s/ Rosemarie Anderson
Rosemarie Anderson
City Clerk
City of Idaho Falls, Idaho

Following a brief discussion regarding the contents of the Resolution, it was moved by Councilmember Groberg, seconded by Councilmember Hardcastle, to adopt the Resolution requesting authorization to file a petition for judicial confirmation of the Airport Renovation Project financing and, further, give authorization for the Mayor and City Clerk to execute the necessary documents. Roll call as follows:

Aye: Councilmember Groberg
Councilmember Klingler
Councilmember Hardcastle
Councilmember Eldredge
Councilmember Lehto

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Nay: None

Motion Carried.

There being no further business, it was moved by Councilmember Hardcastle, seconded by Councilmember Klingler, that the meeting adjourn at 5:20 p.m.

CITY CLERK

MAYOR
