

RESOLUTION NO. 16-53

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF BONNER COUNTY, IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF A REVENUE ANTICIPATION NOTE, SERIES 2016, IN THE PRINCIPAL AMOUNT OF \$1,600,000 FOR THE PURPOSE OF PROVIDING FUNDS IN ANTICIPATION OF THE COLLECTION OF REVENUES FOR THE 2016-2017 FISCAL YEAR; PROVIDING FOR THE FORM, ISSUANCE, AND REDEMPTION OF THE NOTE; CREATING A REVENUE ANTICIPATION NOTE REDEMPTION FUND AND PROVIDING FOR THE DEPOSIT OF TAXES AND REVENUES INTO THE REDEMPTION FUND FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTE; PROVIDING FOR RELATED TERMS AND COVENANTS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Bonner County, Idaho (the "County"), is a political subdivision duly created and operating under the laws of the State of Idaho; and

WHEREAS, the County, by and through its Board of Commissioners (the "Board"), has duly adopted a budget and an annual appropriations ordinance, in the manner provided by law, for the 2015-2016 Fiscal Year; and

WHEREAS, the Board has determined that it is in the best interest of the public to borrow funds for a period of less than one year pursuant to the authority set forth in Idaho Code 63-3102 for the construction of an Emergency Medical Services ("EMS") building and training facility and the relocation of a solid waste site (the "Project"); and

WHEREAS, the Board desires to issue a revenue anticipation note of the County in order to provide funds for the Project and to repay the note with revenues budgeted during the 2016-2017 Fiscal Year; and

WHEREAS, the County is authorized, pursuant to Title 63, Chapter 31, Idaho Code, to issue its revenue anticipation note for the foregoing purposes and to sell such revenue anticipation note at private sale; and

WHEREAS, the County received an offer from Columbia State Bank, dated June 29, 2016, (the "Offer Letter") to purchase the revenue anticipation note of the County subject to certain credit terms set forth in the Offer Letter.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF BONNER COUNTY, IDAHO as follows:

Section 1: For the purpose of providing funds to pay for the Project in anticipation of the collection of revenues including ad valorem taxes (collectively, the "Revenues") budgeted for the 2016-2017 fiscal year (the "Fiscal Year") the Board hereby authorizes the issuance and sale of a revenue anticipation note, designated "Bonner County Revenue Anticipation Note, Series 2016"

(the "Note"), in the principal amount of \$1,600,000, to be issued, sold, and delivered in the manner provided by Title 63, Chapter 31, Idaho Code.

Section 2: The Note is being issued for the purpose of providing funds for the construction of an EMS building and training facility and the relocation of a solid waste site in anticipation of the collection, receipt, and allocation of the Revenues for the Fiscal Year received after the date of issue of the Note.

Section 3: The Note shall be substantially in the form which is annexed hereto as Exhibit "A," shall be dated as of its date of delivery, shall mature on February 1, 2017 (the "Maturity Date"), shall bear interest at a tax exempt rate of 1.25% from its dated date until paid, calculated on the basis of an actual/360 interest accrual method, which interest shall be payable on the Maturity Date, or upon its call, whichever is earlier. If the Note is deemed by the IRS to be taxable for any reason, the interest rate will be adjusted both prospectively and retrospectively to the taxable rate of 1.93%.

The Note is callable without penalty in full at par plus accrued interest on October 1, 2016 (the "Early Call Date"). County shall pay all actual costs incurred in connection with the issuance of the Note, inclusive of Note Counsel and bank counsel fees. There is no origination fee charged by Columbia State Bank for the Note.

Section 4: The Note shall be manually executed on behalf of the County by the Board Chairman and attested by the County Clerk, and the official seal of the County shall be affixed to the Note.

Section 5: The principal of and interest on the Note shall be payable in full in lawful money of the United States of America, at Columbia State Bank, Sandpoint, Idaho on the Early Call Date or on the Maturity Date. The Note shall be a negotiable instrument within the meaning of the Uniform Commercial Code.

Section 6: There is hereby created and shall be maintained in the office of the County Treasurer a fund and account, separate and distinct from all other funds of the County, designated as the "Revenue Anticipation Note, Series 2016, Redemption Fund" (the "Redemption Fund"). A portion of the Revenues collected and received in the Fiscal Year, shall be placed, immediately upon receipt, in the Redemption Fund until such time as the moneys and investment earnings accumulated therein, or reasonably anticipated to be earned thereon by the date of maturity of the Note, shall be fully sufficient to pay the principal of and the interest on the Note at maturity. All moneys in the Redemption Fund shall be invested, in lawful investments of the County, so as to mature on or before February 1, 2017. The moneys so accumulated in the Redemption Fund are hereby irrevocably pledged, appropriated, and set apart for the aforesaid purposes only. Nothing herein shall be construed to limit the payment of the principal of and interest on the Note solely to Revenues deposited in the Redemption Fund, but the Note shall be a direct and general obligation of the County. For as long as the Note is outstanding, the County irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law

without the assent of the voters, pay from its 2016-17 Fiscal Year property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Note as the same become due. The full faith, credit and resources of the County are pledged irrevocably for the prompt payment of the principal of and interest on the Note on the Maturity Date or earlier and such pledge shall be enforceable in mandamus against the County.

Section 7: The County further covenants with the purchaser and any subsequent holder of the Note as follows:

A. The principal amount of the Note issued pursuant to this Resolution does not exceed seventy-five percent (75%) of the Revenues anticipated by the Board to be received for the Fiscal Year.

B. The proceeds of the Note will be used exclusively for the same purposes for which the Revenues are budgeted and appropriated.

C. None of the proceeds of the Note will be used, directly or indirectly, (i) to make or finance loans to persons, or (ii) in any trade or business carried on by any person (other than use as a member of the general public), and the Note will not be a "private activity bond" within the meaning of Section 141 of the Internal Revenue Code of 1986 (the "Code").

D. The County hereby designates the Note as a "qualified tax-exempt obligation" within the meaning and for the purposes of Section 265(b)(3) of the Code, and the County, including any issuers that may be aggregated by virtue of Section 265(b)(3)(E) of the Code, does not reasonably anticipate that it will issue more than \$10,000,000.00, including the Note, as qualified tax-exempt obligations during the 2016 calendar year.

E. The County will comply with the provisions of the Code which are necessary for interest paid on the Note to be excluded from gross income for purposes of federal income taxation (except for certain minimum taxes on corporations), will make no use of the proceeds of the Note that would result in the interest on the Note being includable in gross income within the meaning of Section 103(a) of the Code, and in particular will take no action which would cause the Note to become an arbitrage bond within the meaning of Section 148 of the Code. A certificate that the Note is not an arbitrage bond within the meaning of Section 148 of the Code will be provided to the purchaser at the time of delivery of the Note.

F. The County has general taxing powers. The Note is not a "private activity bond" within the meaning of Section 141 of the Code. 95% or more of the net proceeds of the Note is to be used for the local governmental activities of the County. The County has no subordinate entities. The County has not issued, and does not reasonably anticipate that it will issue, tax-exempt obligations in the calendar year 2016 in a face amount which exceeds \$5,000,000. Accordingly, under Section 148(f)(4)(D) of the Code, the County is not required to pay rebates to the United States under Section 148(f) of the Code.

G. None of the proceeds of the Note will be used to reimburse the County for any capital expenditure made prior to the date of delivery of the Note, unless the County shall have adopted an official intent resolution as provided by Section 1.150-2 of the Treasury Regulations.

H. As conditions of closing, the following conditions shall be satisfied prior to funding:

1. The Note, in definitive or temporary form, is duly executed, authenticated and delivered to Columbia State Bank (also referred to herein as "Purchaser");
2. An unqualified approving opinion of a recognized firm of lawyers (the "Note Counsel"), satisfactory to the Purchaser and dated as of closing, to the effect that the County has authority to adopt the Resolution and to issue and sell the Note to the Purchaser, that the Note is valid, legal, and binding obligations of the County except to the extent that such enforcement may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights and that interest on the Note is exempt from federal income taxation and State of Idaho income taxation, and that the County has designated the Note as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code;
3. A certificate of authorized officers of the County to the effect that no litigation is pending, or to the knowledge of the County threatened, against the County in any court to restrain or enjoin the sale or delivery by the County of the Note; to question the authority of the County to issue, or the issuance or validity of, the Note; to question the constitutionality of any statute, resolution, or the validity of any proceedings, authorizing the issuance of the Note; to question the validity or enforceability of the Resolution; or to question the titles of any officers of the County to their respective offices or the legal existence of the County under the laws of the State of Idaho or which might in any material respect adversely affect the transaction; contemplated to be undertaken by the County;
4. A certificate signed by authorized officers of the County to the effect that the officers of the County who signed or whose facsimile signatures appear on the Note were on the date of execution of the Note the duly elected, qualified, and acting officers of the County, and that their signatures are genuine or accurate facsimiles.
5. A certified copy of the Resolution.
6. A certificate signed by authorized officers of the County stating that the County has established a "Revenue Anticipation Note Redemption Fund",

into which shall be paid revenues and taxes sufficient for the retirement of the Note.

7. Such additional legal opinions, certificates, instruments, and documents as the Purchaser may reasonably request to evidence the truth, accuracy, and completeness, as of the date of Closing, of the representations and warranties and due performance by the County at or prior to Closing of all agreements then to be performed and all conditions then to be satisfied by the County.
8. An opinion of Note Counsel for the County to the effect that the County has and will have at Closing full legal right, power, and authority to enter into and perform its obligations under the Resolution, to adopt the Resolution, and to sell and deliver the Note.
9. A certificate designating the Note as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, which affords the Purchaser favorable treatment deduction of interest expense.
10. A certificate signed by authorized officers of the County confirming that from the time of the execution and delivery of this Offer Letter to the date of closing, there shall not have been any (i) material adverse change in the financial condition or general affairs of the Seller from that previously presented by the Seller to the Purchaser; (ii) event, court decision, proposed law, or rule which may have the effect of changing the federal income tax incidents of the Seller or the owner of the Note or the interest thereon or the transactions contemplated by this Purchase Contract; or (iii) international or national crisis, suspension of stock exchange trading, or banking moratorium materially affecting, in the Purchaser's opinion, the market price of the Note

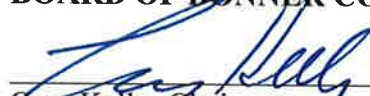
Section 8: The sale and delivery of the Note to Columbia State Bank, in accordance with the Offer Letter, a copy of which is annexed hereto as Exhibit "B" and incorporated fully herein, is hereby authorized and approved.

Section 9: The Board Chairman, County Treasurer, and County Clerk, or any one or more of such officials as may be appropriate to the document being executed, are hereby authorized to execute, on behalf of the County, all such additional documents, certificates, and instruments as may be necessary or appropriate to carry out the intent of this Resolution.

Section 10: This Resolution shall take effect and be in force immediately upon its passage and approval.

DATED the 12th day of July, 2016.

BOARD OF BONNER COUNTY COMMISSIONERS


Cary Kelly, Chairman


Glen Bailey, Commissioner


Todd Sudick, Commissioner

ATTEST: Michael W. Rosedale

By 
Deputy Clerk

(S E A L)

