

**Minutes of Meeting
Attorney Center Funding
March 8, 2021
1:00 p.m.**

The Kootenai County Board of Commissioners: Chairman Chris Fillios, Commissioner Leslie Duncan and Commissioner Bill Brooks met to discuss the following agenda item. Also present were Finance Director Dena Darrow, Deputy Finance Director Keith Taylor, Civil Deputy Prosecuting Attorney Pat Braden, First Judicial District Trial Court Administrator Karlene Behringer, BOCC Communications Manager Nancy Jones, BOCC Administrative Secretary Chandra Newberry and Deputy Clerk Tina Ginorio. Also present were Hawley Troxell Attorney Danielle Quade, Zions Bank Representative Christian Anderson, Coeur d'Alene Press Reporter Madison Hardy and Kootenai County Resident Erin Barnard. Mr. Braden, Ms. Behringer and Mr. Anderson were present via teleconference.

- A. Call to Order:** Chairman Chris Fillios called the meeting to order at 1:03 p.m.
- B. Changes to the Agenda (Action):** There were no changes to the agenda.
- C. Business (Action):**

Review General Obligation Bond Process for Attorney Center Building with Treasurer Steve Matheson, Finance Director Dena Darrow, Hawley Troxell Attorney and Zions Bank

Hawley Troxell Attorney Danielle Quade provided a presentation which illustrated the different options for funding the Attorney Center: a General Obligation Bond or Lease Financing. She explained the services her company would provide, as Bond Council.

Treasurer Steve Matheson entered the meeting at 11:09 a.m.

These services would include:

- Provision of transaction structure and advice
- Drafting of all required approval documents
- Provision of guidance regarding Tax Exempt Bond Regulations
- Provision of guidance on Disclosure Regulations
- Offering legal options at bond issuance
- Development of policies to assure favorable rating

Ms. Quade reviewed Idaho Code §30-1903, which listed the type of projects that could be financed using General Obligation Bonds. She explained that, while a General Obligation Bond is secured by a specific tax levy for repayment, the County would not actually have to levy the tax, if it had some other method of providing repayment. She suggested making this information prominent in the public information provided to voters.

The Commissioners informed Ms. Quade that they had decided to place the bond on the ballot for the November Election rather than the May Election. She noted that the ballot language would have to be submitted to the County Clerk 50 days prior to the Election.

Ms. Quade discussed how the ballot question should be formatted and the financial disclosure that would have to accompany it. She said it would have to include the loan's principal, estimated interest cost, total principal and interest to be repaid over the term and the estimated cost per \$100,000 of taxable assessed value.

Ms. Quade stated that the primary advantages of a General Obligation Bond were that the County would receive a better interest rate, since it held a low risk assessment. She said there would also be lower transaction costs because it was a simpler procedure and would require less work from her team and the County employees. She remarked that the primary disadvantage was that the County would have to get a 66 2/3% positive response from voters.

Ms. Quade described how an Annual Appropriation Lease Finance arrangement would work under the Idaho Constitution and quoted from the relevant statutes. She explained that a lease which was renewed each year was not considered a "debt" under a certain legal definition, so the County could make such an arrangement without needing voter approval. She stated that her company had seen this form of financing approved by the Supreme Court in a 2015 case. Since that time, she said her company had completed more than ten similar agreements.

Ms. Quade remarked that the obvious advantage of the Annual Appropriation Lease was that no election validation was required. The County would not have to wait for an Election Day to begin the process and would not have to achieve a 66 2/3% favorable vote. She added that the disadvantages were that the interest rates, insurance and issuance costs would be higher.

Zions Bank Representative Christian Anderson provided a side by side comparison of the figures from both financing options: interest rates, total principal and interest, average annual payments and tax impact per \$100,000 and explained how the numbers were generated. He described his company's role in both cases, the differing processes and the potential impact to taxpayers. He added that he would provide the Commissioners with additional analyses of the material.

Treasurer Steve Matheson asked whether the municipal advisory fee would also be financed through the premium payments.

Mr. Anderson confirmed that all the financing costs could be included in the premiums for either option.

Chairman Fillios thanked Mr. Anderson and Ms. Quade for their presentations.

D. Public Comment: This section is reserved for citizens wishing to address the Board regarding a County related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing. There were no public comments.

E. Adjournment (Action): Chairman Fillios adjourned the meeting at 1:43 p.m.

Respectfully submitted,

JIM BRANNON, CLERK

CHRIS FILLIOS, CHAIRMAN

BY: _____

Tina Ginorio, Deputy Clerk