



City of Ketchum

March 6, 2023

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Recommendation to Hold First Reading of Ordinance #1247 and Ordinance #1248 – Authorizing the Issuance of Wastewater Revenue Bonds

Recommendation and Summary

During the February 21st Council meeting, the city's financial advisor (Zions Public Finance) and bond counsel (Skinner-Fawcett) provided a status update related to the first issuance of debt to fund needed improvements at the wastewater treatment facility. Staff is proposing to proceed with the following steps:

- March 6th – first reading
- March 27th - second and third reading
- April 11th – bond sale
- April 25th – bond closing

Motion #1: "I move approval of the first reading by title only of Ordinance #1247 and Ordinance #1248."

Motion #2: "I move approval of the Bond Purchase Agreement and Continuing Disclosure Agreement."

Introduction and History

The city retained HDR Engineering to update the previous Wastewater Facility Plan and create a new twenty-year Capital Improvement Plan to meet the needs of the town and comply with regulations set forth by the Idaho Department of Environmental Quality.

The Capital Improvement Plan (CIP) calls for \$37,207,000 (2022 dollars) in future investments to upgrade the treatment plant. Different financial scenarios were developed to fund the CIP. The city evaluated two financing options to implement the plan. Option one was a non-debt approach which would have required customer rates to be adjusted 60% in FY23, and 25% in FY24 and FY25. Option two was the utilization of debt which would require a 7% rate adjustment in FY23 and 5% in subsequent years. The recommended financial model assumes a 50/50 split in CIP costs with the Sun Valley Water & Sewer District. The district board has been briefed on the new CIP plan/costs and has expressed no concerns. On November 8, 2022, voters approved the issuance of up to \$14,000,000 in revenue bonds.

Sustainability Impact

The treatment plant discharges into the Big Wood River. One of the major focuses of the capital improvements is to meet current and future water quality standards. The city already utilized a water reuse

approach to service irrigation needs. The plan also reviewed any opportunities to reduce the consumption of electricity. Lastly, the plan seeks to transition biosolids to compost materials.

Financial Impact

Zions and city staff are recommending the first issuance of \$7,000,000 in revenue bonds to fund the first phase of the Capital Improvement Plan.

Attachments

Preliminary Official Statement

Master Ordinance 1247

Series Ordinance 1248

Bond Purchase Agreement

Continuing Disclosure Agreement

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2023

NEW ISSUE—Book Entry Only

RATINGS (See "RATING" herein)

S&P: "[____]"

In the opinion of Skinner Fawcett LLP, 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 2023 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. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals; however, interest on the Series 2023 Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. Bond Counsel is also of the opinion that interest on the Series 2023 Bonds is exempt from State of Idaho personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2023 Bonds. For a more complete description, see "TAX MATTERS" herein.



CITY OF KETCHUM, IDAHO
\$7,000,000⁽¹⁾ Wastewater Revenue Bonds, Series 2023

DATED: Date of Delivery (estimated to be April 25, 2023⁽¹⁾) DUE: September 1, as shown herein

The City of Ketchum, Idaho Wastewater Revenue Bonds, Series 2023 (the "Series 2023 Bonds") will be issued by the City of Ketchum, Idaho (the "City") pursuant to Ordinance No. 23-____ adopted by the City on [March 27], 2023, as supplemented and amended (the "Master Ordinance"), and Ordinance No. 23-____ adopted by the City on [March 27], 2023 (the "Series 2023 Ordinance" and together with the Master Ordinance, collectively, the "Bond Ordinance"). The Series 2023 Bonds are being issued to (i) finance the City's acquisition, construction, and installation of certain improvements (the "Series 2023 Project") to the jointly owned Ketchum / Sun Valley Water & Sewer District (the "District") Water Reclamation Facility (the "Facility"), which aggregates, renews, and disposes of wastewater for the separately owned and operated wastewater collection systems of the City and the District, respectively (that portion of the Facility owned by the City and its separately owned wastewater collection system are referred herein to as the "System"), and (ii) pay the costs of issuance of the Series 2023 Bonds.

The Series 2023 Bonds are initially issuable in book-entry form only through The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds bear interest payable semiannually on each March 1 and September 1, beginning September 1, 2023, to the maturity of the Series 2023 Bonds. Principal will be payable annually each September 1 as indicated herein, beginning September 1, 2023, to the maturity of the Series 2023 Bonds. See "Maturity Schedule" on the inside cover hereof. The Series 2023 Bonds are subject to redemption prior to their stated maturities as further described below. See "Redemption Provisions" herein.

The Series 2023 Bonds are secured by a pledge of the Net Revenue of the System (hereinafter defined) superior to all other charges of any kind. The City reserves the right to issue parity bonds secured by a pledge of Net Revenues upon compliance with certain conditions. **THE SERIES 2023 BONDS ARE SPECIAL OBLIGATIONS OF THE CITY PAYABLE ONLY FROM THE BOND FUND. THE SERIES 2023 BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE CITY OR THE STATE OF IDAHO (THE "STATE"), OR ANY POLITICAL SUBDIVISION OF THE STATE, OR A CHARGE UPON ANY GENERAL FUND OR UPON ANY MONEY OR OTHER PROPERTY OF THE CITY OR OF THE STATE, OR OF ANY POLITICAL SUBDIVISION OF THE STATE NOT SPECIFICALLY PLEDGED BY THE CITY'S BOND ORDINANCE AUTHORIZING THE SERIES 2023 BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, STATE OF IDAHO, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED FOR PAYMENT OF THE SERIES 2023 BONDS.** See "SECURITY FOR THE SERIES 2023 BONDS."

MATURITY SCHEDULE—ON INSIDE COVER

The Series 2023 Bonds are offered when, as and if received and accepted by Piper Sandler & Co., subject to the final approving legal opinion of Bond Counsel. Certain matters will be passed on for the City by the City Attorney and by its disclosure counsel, Skinner Fawcett LLP. It is expected the Series 2023 Bonds will be available for delivery to the Bond Registrar on behalf of DTC by Fast Automated Securities Transfer on or about April 25, 2023 (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 | SANDLER

(1) Preliminary, subject to change.

City of Ketchum, Idaho
\$7,000,000⁽¹⁾ Wastewater Revenue, Series 2023

DATED: Date of Delivery

DUE: September 1, as shown below

MATURITY SCHEDULE

Due September 1	Amounts⁽¹⁾	Interest Rates	Yields	CUSIP⁽²⁾
2023	\$			
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				

(1) Preliminary, subject to change.

(2) 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 Market Intelligence. 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 City nor the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

(1) Preliminary, subject to change.

This Official Statement does not constitute an offer to sell the Series 2023 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 City, Zions Public Finance, Inc. (the “Municipal Advisor”) or Piper Sandler & Co. (the “Underwriter”) to give any information or to make any representations, other than those contained herein, in connection with the offering of the Series 2023 Bonds and, if given or made, such information or representations must not be relied upon. The City makes no representation regarding the accuracy or completeness of the information provided in “Appendix E—Book-Entry Only System,” which has been furnished by DTC. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of the provisions. 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 shall, under any circumstances, create an implication that there has been no change in the affairs of the City since the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. 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 “estimated,” “projected,” “anticipate,” “expect,” “intend,” “plan,” “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.

This Preliminary Official Statement has been “deemed final” by the City, 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 Preliminary Official Statement under said Rule 15c2-12.

CITY OF KETCHUM, IDAHO
191 5th Street West (PO Box 2315)
Ketchum, Idaho 83340
(208) 726-3841
www.ketchumidaho.org*

CITY COUNCIL

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Neil Bradshaw	Mayor	2026
Jim Slanetz	Council President	2024
Courtney Hamilton	Councilor	2026
Amanda Breen	Councilor	2026
Michael David	Councilor	2024

ADMINISTRATION

Jade Riley, City Administrator
Shellie Rubel, City Treasurer
Matthew Johnson, City Attorney
Mick Mummert, Wastewater Division Supervisor

UNDERWRITER

Piper Sandler & Co.
101 South Capitol Blvd, Suite 603
Boise, ID 83702

BOND AND DISCLOSURE COUNSEL

Skinner Fawcett LLP
250 W. Bobwhite Ct., Suite 240
Boise, Idaho 83706

BOND REGISTRAR

Zions Bancorporation, National Association
800 W Main St, Suite 700
Boise, ID 83702

MUNICIPAL ADVISOR

Zions Public Finance, Inc.
800 W. Main Street, Suite 700
Boise, ID 83702

*The City's website is not incorporated into, or a part of, this Official Statement by this reference.

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PRELIMINARY OFFICIAL STATEMENT

CITY OF KETCHUM, IDAHO

\$7,000,000⁽¹⁾ Wastewater Revenue Bonds, Series 2023

The City of Ketchum, Idaho (the “City”), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Idaho (the “State”), furnishes this Official Statement in connection with the offering of its \$7,000,000⁽¹⁾ aggregate principal amount of Wastewater Revenue Bonds, Series 2023 (the “Series 2023 Bonds”), dated the date of delivery. Certain capitalized words and phrases used in this Official Statement and not defined herein have the meanings as defined in the Bond Ordinance (hereinafter defined), which is attached hereto as Appendix B.

The Series 2023 Bonds are being issued to (i) finance the City’s acquisition, construction, and installation of certain improvements (the “Series 2023 Project”) to the jointly owned Ketchum / Sun Valley Water & Sewer District (the “District”) Water Reclamation Facility (the “Facility”), which aggregates, renews, and disposes of wastewater for the separately owned and operated wastewater collection systems of the City and the District, respectively (that portion of the Facility owned by the City and its separately owned wastewater collection system are collectively referred herein to as the “System”), and (ii) pay the costs of issuance of the Series 2023 Bonds. *See* “DESCRIPTION OF THE SERIES 2023 BONDS – Authorization for Issuance” and “PURPOSE AND USE OF PROCEEDS.”

The City has reserved the right in the Master Ordinance (hereafter defined) to issue additional bonds or obligations with a lien on Net Revenues (as defined below) of the System on a parity with the lien on the Series 2023 Bonds upon satisfaction of certain conditions (“Parity Bonds”). *See* “SECURITY FOR THE SERIES 2023 BONDS–Future Obligations–Parity Bonds.” The Series 2023 Bonds and any Parity Bonds are hereinafter collectively referred to as the “Bonds.”

The Series 2023 Bonds are revenue obligations of the City’s System. Neither the full faith and credit nor the taxing power of the City is pledged to the payment of the Series 2023 Bonds. The Series 2023 Bonds are not obligations of the State or any political subdivision thereof other than the City. *See* “SECURITY FOR THE SERIES 2023 BONDS.”

This Official Statement, which includes the cover page and appendices, provides information concerning the City, the Series 2023 Bonds, and the System.

The information set forth herein has been obtained from the City and other sources that are believed to be reliable. Piper Sandler & Co. (the “Underwriter”) has relied on the City with respect to the accuracy and sufficiency of such information, and such information is not to be construed as a representation, warranty or guarantee by the Underwriter. 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.

DESCRIPTION OF THE SERIES 2023 BONDS

Authorization for Issuance

The Series 2023 Bonds are issued pursuant to Ordinance No. 23-[] adopted by the City on [March 27], 2023, as it may be supplemented and amended (the “Master Ordinance”), and Ordinance No. 23-[] adopted by the City on [March 27], 2023 (the “Series 2023 Ordinance,” and together with the Master Ordinance, collectively herein the “Bond Ordinance”), and under and in accordance with the City Code and the laws and provisions of the State, including Idaho Code Sections 50-1027 through 50-1042, inclusive, and Idaho Code, Title 57, Chapter 2 (collectively, the “Act”).

A ballot measure to authorize the City to issue revenue bonds in the aggregate amount of up to \$14 million over the next ten years (the “Bonding Capacity”) was approved by a favorable vote at an election held in the City on November 8, 2022. The City can issue one or more series of revenue bonds or other obligations up to the Bonding Capacity. Refundings of

outstanding revenue bonds may be issued without a vote of the electorate of the City and such par amounts allocated to refunding bonds are not considered when determining the remaining Bonding Capacity. Nothing in the Bond Ordinance prevents the City from seeking authority to increase the Bonding Capacity at subsequent bond elections or by means of judicial confirmation under Idaho Code, Title 7, Chapter 13.

Principal Amount, Date, Interest Rates and Maturities

The Series 2023 Bonds will be issued in the principal amounts shown on the inside cover page of this Official Statement and will be dated and bear interest from the Date of Delivery. The Series 2023 Bonds will mature on the dates set forth on the inside cover page of this Official Statement and will bear interest, payable semiannually, until the maturity or earlier redemption of the Series 2023 Bonds. Interest on the Series 2023 Bonds will be computed based on a 360-day year consisting of twelve 30-day months.

Redemption Provisions

Optional Redemption. The Series 2023 Bonds maturing on and before September 1, 2033, are not subject to redemption prior to maturity. The Series 2023 Bonds maturing on and after September 1, 2034, are subject to redemption at the option of the City, in whole or in part on September 1, 2033, and any date thereafter at the price of par plus accrued interest, if any, to the date of redemption.

[Mandatory Sinking Fund Redemption. The Series 2023 Bonds maturing on September 1, [] are subject to mandatory sinking fund redemption prior to their stated maturity, at a price of 100% of the principal amount of the Series 2023 Bonds to be so redeemed, plus accrued interest to the date fixed for redemption, on September 1 of the years, and in the amounts, shown below:

SEPTEMBER 1 OF THE YEAR	MANDATORY REDEMPTION AMOUNT
	\$

*

* Stated Maturity.]

Selection for Redemption. For as long as the Series 2023 Bonds are in book-entry only form, if fewer than all the Series 2023 Bonds are called for redemption, the selection of Series 2023 Bonds to be redeemed will be made by The Depository Trust Company, New York, New York (“DTC”) in accordance with its operational procedures then in effect. [If less than all of a Series 2023 Bond that is subject to mandatory sinking fund redemption is to be redeemed, the redemption price shall be applied to such mandatory sinking fund installments as the City shall direct.] See “Appendix E—Book Entry Only System” attached hereto. If the Series 2023 Bonds are no longer held in book-entry only form, then Zions Bancorporation, National Association, as the bond registrar and paying agent (the “Bond Registrar”), will select Series 2023 Bonds for redemption by lot in multiples of \$5,000 within each maturity.

Notice of Redemption (Book-Entry). So long as the Series 2023 Bonds are in book-entry only form, the Bond Registrar will notify DTC of an early redemption not less than 30 days prior to the date fixed for redemption and will provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Series 2023 Bonds.

Notice of Redemption (No Book-Entry). During any period in which the Series 2023 Bonds are not in book-entry only form, unless waived by any person in whose name such Bonds are registered (the “Beneficial Owners”) of the Series 2023 Bonds to be redeemed, official notice of any redemption of Bonds will be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, no less than 30 days and not more than 60 days prior to the date fixed for redemption, to the Beneficial Owners of the Series 2023 Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Beneficial Owner to the Bond Registrar.

Conditional Notice of Redemption. Any notice of optional redemption given for the Series 2023 Bonds pursuant to the Series 2023 Ordinance may state that optional redemption is conditional upon receipt by the Bond Registrar of amounts sufficient to pay the redemption price of such Series 2023 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 Bond Registrar to affected owners of the Series 2023 Bonds as promptly as practicable.

Defeasance

In the event money and/or “government obligations,” as defined in Idaho Code Section 57-504, as it may be amended, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Series 2023 Bonds or any of them in accordance with their terms are irrevocably deposited with an escrow agent to effect such redemption, then no further payments need be made into the Bond Fund under the Bond Ordinance for the payment of the principal of and interest on the Series 2023 Bonds so provided for. Such Bonds will cease to be entitled to any lien, benefit, or security of the Bond Ordinance except the right to receive the funds so set aside and pledged, and such Bonds will be deemed not to be outstanding.

Bond Registrar and Registration Features

Book-Entry System. The Series 2023 Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as Bond Owner and as nominee for DTC. DTC will function as securities depository for the Series 2023 Bonds. Individual purchases and sales of the Series 2023 Bonds may be made in book-entry form only in minimum denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Series 2023 Bonds. See “Appendix E—Book Entry Only System” attached hereto for additional information.

Bond Registrar. The principal of and interest on the Series 2023 Bonds will be payable by the Bond Registrar to DTC, which, in turn, is obligated to remit such principal and interest to its participants (“DTC Participants”) for subsequent disbursement to the Beneficial Owners of the Series 2023 Bonds, as further described in “Appendix E—Book Entry Only System” attached hereto. Interest on the Series 2023 Bonds will be credited to the Beneficial Owners by the DTC Participants.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC resigns as the securities depository and the City is unable to retain a qualified successor to DTC, or the City has determined that it is in the best interest of the City not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Series 2023 Bonds might be adversely affected if the book-entry system of transfer is continued, the City will execute, authenticate and deliver at no cost to the Beneficial Owners of the Series 2023 Bonds or their nominees, Bonds in fully registered form, in the denomination of \$5,000 or any integral multiple thereof. Thereafter, the principal of the Series 2023 Bonds will be payable upon due presentment and surrender thereof at the principal office of the Bond Registrar; interest on the Series 2023 Bonds will be mailed or caused to be delivered to the persons in whose names such Bonds are registered, at the address appearing upon the registration books on the fifteenth day preceding the interest payment date, or, if not a business day for the Bond Registrar, the next preceding day that is a business day for the Bond Registrar, and the Series 2023 Bonds will be transferable as provided in the Bond Ordinance.

Litigation

There is no litigation pending questioning the validity of the Series 2023 Bonds nor the power and authority of the City to issue the Series 2023 Bonds. There is no litigation pending that would materially affect the Net Revenues of the System or affect the City's ability to meet debt service requirements on the Series 2023 Bonds.

PURPOSE AND USE OF PROCEEDS

Purpose

The proceeds from the sale of the Series 2023 Bonds will be used to (i) finance the Project, as defined, and described herein, and (ii) pay the costs of issuance of the Series 2023 Bonds.

The Project

The City's planned improvements to the System are designed to address Service Area growth, aging infrastructure and equipment, treatment capacity needs, and permit limitations and regulatory discharge requirements, as more specifically defined and described in the City of Ketchum / Sun Valley Water & Sewer District Wastewater Facility Planning Study (hereinafter the "Facility Plan") prepared by HDR Engineering, Inc., Boise, Idaho (the "Engineer"), released in June of 2022. A portion of the proceeds of the Series 2023 Bonds will be used to finance certain capital improvements to the System described in the Facility Plan, including upgrades related to screening, pumping, grit removal, biological treatment, tertiary filtration, and disinfection (the "Series 2023 Project" and together with the remaining improvements described in the Facility Plan, collectively the "Project"). The Project will occur in two ten-year phases based on a 20-year planning period (the "Planning Period") at an estimated total cost of \$37.2 million. The Bonding Authority consists of funds to finance a portion of the Project, to be constructed in the first ten years of the Planning Period.

Additional Funding for the Project. The City and District co-own the Facility pursuant to a Memorandum of Understanding (herein the "MOU") first signed in 1984, and most recently renewed and reaffirmed on January 17, 2023. The MOU expressly affirms the Facility is jointly and equally owned and, therefore, capital construction costs, including Project costs described in this Official Statement, are paid one-half by the City and one-half by the District. The scope, timing, and costs of the Project will be jointly agreed upon, pursuant to the MOU, and as already outlined and described in the Facility Plan. Pursuant to this longstanding cooperative arrangement, the City is responsible for approximately \$18.9 million in Project capital construction costs. The City intends to fund this portion of the Project with a combination of rate-funded revenue ("Rate-Funded Capital"), the proceeds of the Series 2023 Bonds, Parity Bonds, additional future federal and state grants or loans, funds derived from the City's cooperative agreement with the District, and other City funds. See "THE SYSTEM – Facility Plan" below.

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Sources and Uses of Funds

The proceeds from the Series 2023 Bonds are estimated to be applied as follows:

Sources and Uses of Funds ⁽¹⁾

	Series 2023 Bonds
Sources of Funds:	
Principal Amount	\$
[Net] Reoffering Premium	
[Issue Discount]	
Total Sources	\$
Uses of Funds:	
Project Fund	
Costs of Issuance ⁽²⁾	
Total Uses	\$

(1) Amounts will be provided in the final Official Statement.

(2) Includes underwriter's discount, bond counsel, disclosure counsel and underwriter's counsel fees, municipal advisor, escrow, verification, and rating agency fees, printing costs and other costs of issuance of the Series 2023 Bonds.

SECURITY FOR THE SERIES 2023 BONDS

Pledge of Net Revenues

The Series 2023 Bonds are revenue obligations payable from and secured by a pledge of the Revenue of the System after deduction of the Operation and Maintenance Expenses (the "Net Revenues"). Revenues of the System include all earnings, revenue, and moneys received by the City from or on account of the operation of the System under generally accepted accounting principles, including income from investments of money in the Bond Fund (hereinafter defined) or from any other investment thereof, except the income from investments irrevocably pledged to the payment of any other revenue obligations of the City pursuant to a plan of retirement or refunding. Revenues shall be increased and/or decreased in accordance with the Master Ordinance. Specific items excluded from Revenues can be found in the Master Ordinance. *See* "Appendix B—Master Bond Ordinance and Series 2023 Ordinance." Operation and Maintenance Expenses of the System include all costs incurred by the City and properly treated as expenses of operating, maintaining and repairing the System under generally accepted accounting principles, whether paid or accrued, or of levying, collecting and otherwise administering the Revenues for the payment of the Bonds, including but not limited to those expenses further enumerated in the Master Ordinance, but not including any payment for debt service or deposits into a reserve account, depreciation or taxes levied or imposed by the City of payments to the City in lieu of taxes, or capital additions or capital replacements to the System. *See* "Appendix B—Master Bond Ordinance and Series 2023 Ordinance."

The Series 2023 Bonds constitute a lien and charge on the Net Revenues prior and superior to any other charges whatsoever except the lien and charge may be on a parity with any Parity Bonds the City may issue in the future.

The Series 2023 Bonds are special fund obligations of the City payable only from amounts on deposit in the Bond Fund, which includes the Debt Service Account and Debt Service Reserve Account, if funded, and any subaccounts thereunder. *See* "Wastewater Services Funds and Accounts" below. The Bond Fund will at all times be completely segregated and set apart from all other City funds and accounts for the security and the payment of the principal of and interest on the Series 2023 Bonds as they become due. The Series 2023 Bonds are not an obligation of the State, Blaine County (the "County"), the District, or any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City, the County or the State are pledged to the payment of the Series 2023 Bonds.

Rate Covenant

The City has established and has covenanted in the Bond Ordinance to maintain and collect from the users of the System rates and charges for furnishing the services and the facilities of the System to such users thereof. The City has covenanted to establish, maintain, and collect such rates and charges for service of its System to satisfy the Rate Covenant for so long as any Bonds are Outstanding. The “Rate Covenant” requires Net Revenue in each Fiscal Year at least equal to 125% of the amount of principal and interest required to be paid in such Fiscal Year on all Outstanding Bonds, as adjusted in accordance with the Master Ordinance. See “WASTEWATER SYSTEM AND SERVICES” below for historical Net Revenues and Debt Service Coverage, as well as projected Net Revenues and Debt Service Coverage.

Wastewater Services Funds and Accounts

The Bond Ordinance created the following funds and accounts, that will be held and administered by the City: the City of Ketchum Wastewater Revenue Fund (the “Revenue Fund”), including the Stabilization Account therein, the City of Ketchum Wastewater Revenue Bond Fund (the “Bond Fund”), including the Debt Service Account and Debt Service Reserve Account therein (the “Reserve Account”), the City of Ketchum Wastewater Revenue Project Fund (the “Project Fund”), and the Rebate Fund (collectively, the “Funds”). Additional information on each of these Funds follows.

Revenue Fund. Pursuant to the Master Ordinance the City is required to maintain the Revenue Fund as a separate enterprise fund of the City, and to deposit the Revenues of the System into the Revenue Fund as collected. The Net Revenues shall be used for payment of the following obligations in the following order of priority:

- (1) to pay the Operation and Maintenance Expenses of the System;
- (2) to pay the interest on any Bonds;
- (3) to pay the principal of Bonds;
- (4) to make all payments required to be made into the Reserve Account, and any subaccounts thereunder, created in the future for the payment of debt service on any series of Bonds;
- (5) to make all payments, together with other available funds, on the day on which any rebates or penalties for Bonds are due to be paid to the United States pursuant to Section 148 of the Code;
- (6) to make all payments required to be made into a revenue bond redemption fund or revenue warrant redemption fund and debt service fund or reserve account hereafter created to pay and secure the payment of the principal of and interest on any loans or bonds which have a lien upon the Net Revenues of the System junior and inferior to the lien thereon for the payment of the principal of and interest on the Bonds; and
- (7) to retire by redemption or purchase any outstanding Bonds or subordinate revenue warrants or subordinate Bonds of the City payable out of the Net Revenues, to make necessary additions, betterments, improvements, and repairs to or extensions and replacements of the System, or for any other lawful City purposes.

Upon satisfaction of the obligations above, the City may use Revenues of the System for any other lawful purpose, including but not limited to capital improvements. See “WASTEWATER SYSTEM AND SERVICES — Facility Plan.”

Stabilization Account. The City has created a Stabilization Account in the Revenue Fund pursuant to the Master Ordinance and shall maintain that account as long as Bonds are Outstanding. Revenues may be transferred to the Stabilization Account at the option of the City on any date. Money in the Stabilization Account may be withdrawn at any time and used for any purpose for which the Revenues may be used. Any deposits to or withdrawals from the Stabilization Account will decrease or increase, respectively, Revenues in the Fiscal Year for which such deposit or withdrawal was made. The City may adjust any deposits to and withdrawals from the Stabilization Account for up to 180 days after the close of the applicable Fiscal Year. [The City will fund the Stabilization Account in the amount of \$[] million at settlement of the Series 2023 Bonds.]

Bond Fund. The Bond Fund exists solely for the purpose of paying the principal of, premium, if any, and interest on the Bonds. The Bond Fund consists of two accounts known as the “Debt Service Account” and the “Debt Service Reserve Account,” (the “Reserve Account”), and any subaccounts thereunder, as more fully described below:

Debt Service Account. As long as any Bonds remain Outstanding, the City is required by the Master Ordinance to set aside and pay from the Revenue Fund into the Debt Service Account those amounts necessary, together with such other funds as are on hand and available in the Debt Service Account, to pay the principal of and interest next coming due on the Bonds. Pursuant to the Series 2023 Ordinance, the City established the “Series 2023 Debt Service Account,” a subaccount to be held by the City for the payment the Series 2023 Bonds.

Reserve Account. The Master Ordinance requires the City to maintain a Reserve Account, and any subaccounts established thereunder, if required by any series ordinance for the purpose of securing the payment of principal of and interest on the respective Bonds subject to a Reserve Account Requirement, as defined in the Master Ordinance. [*The Series 2023 Ordinance did not establish a subaccount and the Series 2023 Bonds are not secured by the Reserve Account and not subject to a Reserve Account Requirement.*]

Moneys in the various accounts within the Bond Fund may be invested in Permitted Investments. Investments of funds in the accounts within the Bond Fund shall mature prior to the date on which such monies shall be needed for required interest, principal, or sinking fund installments. Investments of funds in the Reserve Account shall be available to pay any deficiencies that may occur in any of the accounts within the Bond Fund. All interest earned and income derived by virtue of such investments shall remain in the Bond Fund and be used to meet the required deposits into any account therein. Subject to the other provisions of the Bond Ordinance, moneys in the Debt Service Account and the Reserve Account may be combined for the purpose of purchasing investments, but the records of the City shall show to which account the respective portions of any such combined investment are credited.

Project Fund. The Master Ordinance creates the Project Fund, whereby a portion of the proceeds of the Bonds shall be deposited for the payment of the cost of acquisition and construction of improvements to the System, including costs of issuance of the Series 2023 Bonds. The Series 2023 Ordinance established the “Series 2023 Project Account” held by the City and used to pay the Cost of Acquisition and Construction of the Series 2023 Project and costs of issuance of the Series 2023 Bonds. Any moneys remaining in the Series 2023 Project Account after the full and final payment of the costs of the Series 2023 Project shall be transferred to the City and deposited in the Debt Service Account.

Rebate Fund. A Rebate Fund is established under the Master Ordinance into which shall be deposited, from time to time, all excess earnings on funds and accounts held by the City pursuant to the Master Ordinance or any series ordinance, to the extent required by any Tax Certificate of the City and said amounts shall be held in trust for the payment of arbitrage rebate in accordance with Section 148 of the Code and the Tax Certificate. All earnings on the Rebate Fund shall remain within said fund and shall be used for no other purpose unless the City provides the Bond Registrar with an opinion of nationally recognized bond counsel that another use will not cause interest on the respective Bonds to cease to qualify for exclusion from federal income taxation under the Code.

Future Obligations

Parity Bonds. The City reserves the right in the Master Ordinance to issue Parity Bonds, which will constitute a lien and charge on the Net Revenues of the System on a parity with the Series 2023 Bonds, but only if (a) no Event of Default (as defined in the Master Ordinance) under the Master Ordinance or any Series Ordinance has occurred and is continuing; and (b) at the time of issuance of the Parity Bonds there is no deficiency in the Debt Service Account and all required deposits to all subaccounts, if any, in the Reserve Account have been made.

The Master Ordinance also requires either of the following to be filed with the City:

- (1) A certificate of the City Administrator or the City Treasurer stating that Net Revenues, adjusted as hereafter described, for (i) any twelve consecutive months selected by the City or Qualified Consultant out of the most recent eighteen months preceding the delivery of the Parity Bonds or (ii) the most recently completed Fiscal Year

for which audited financial statements are available (the “Base Period”), were not less than one hundred twenty five percent (125%) of Maximum Annual Debt Service on all then Outstanding Bonds, calculated as of the date the Parity Bonds are issued and with the proposed Parity Bonds treated as Outstanding. The City may adjust Net Revenues for purposes of this paragraph (1) by adding any Net Revenues the City Administrator or the City Treasurer calculates the City would have had in the Revenue Fund during the Base Period because of increases in System rates, fees and charges which have been adopted by the City and are in effect on or before the date the Parity Bonds are issued. The City shall adjust Net Revenues for the Base Period by eliminating the effect of any withdrawals from or deposits to the Stabilization Account; or

- (2) A certificate or opinion of a Qualified Consultant: (i) Stating the amount of the “Adjusted Net Revenues” for each of the five Fiscal Years after the last Fiscal Year for which interest on the Parity Bonds is, or is expected to be, capitalized, or, if interest will not be capitalized, for each of the five (5) Fiscal Years after the proposed Parity Bonds are issued; and (ii) concluding the respective amounts of Adjusted Net Revenues in each of the first four Fiscal Years described in this paragraph (2)(i) above are at least equal to one hundred twenty-five percent (125%) of the Annual Bond Debt Service for each of those respective Fiscal Years on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and (iii) concluding the amount of Adjusted Net Revenues in the fifth Fiscal Year described in this paragraph (2)(i) above is at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding. The Qualified Consultant shall calculate “Adjusted Net Revenues” for purposes of this paragraph (2)(i) as set forth in Section 14(e) of the Master Ordinance.

Refunding Bonds. If the Parity Bonds are being issued for the purpose of refunding Outstanding Bonds (“Refunding Bonds”), the City may do so without complying with the requirements of “Parity Bonds” above, so long as the refunded Bonds are legally or economically defeased on the date of delivery of the Refunding Bonds and if the Annual Bond Debt Service on the Refunding Bonds does not exceed the Annual Bond Debt Service on the refunded Bonds in any Fiscal Year by more than five percent (5%).

Subordinate Obligations. Nothing in the Bond Ordinance shall prevent the City from issuing revenue bonds or other obligations which are a charge upon the Net Revenues of the System subordinate to the lien of the Bonds (“Subordinate Obligations”). As of the date of this Official Statement, the City has no Subordinate Obligations.

Separate Utility System

Pursuant to the Master Ordinance, the City may declare property the City owns and is part of the System, but that has a value of less than ten percent (10%) of the System at the time of such declaration, and property which the City has not yet acquired but would otherwise become part of the System, to be part of a “Separate Utility System.” A Separate Utility System means any water supply, sewage collection or treatment, stormwater or other utility service or facilities that may be created, acquired, or constructed by the City in accordance with the Master Ordinance.

The City may pay costs of acquiring, operating, and maintaining a Separate Utility System from Net Revenues, but only if there is no deficit in the Debt Service Account or Reserve Account within the Bond Fund. The City may issue obligations which are secured by the revenues produced by the Separate Utility System and may pledge the Separate Utility System revenues to pay those obligations. In addition, the City may issue Subordinate Obligations to pay for costs of a Separate Utility System and may pledge the revenues of the Separate Utility System to pay the Subordinate Obligations. Further, the City may pledge the revenues produced by a Separate Utility System to pay the Bonds issued under the Master Ordinance by filing a written certificate of the Mayor and City Administrator declaring such pledge with the City and the Owner of the Bonds.

Neither the Revenue nor Net Revenues may be pledged to the payment of any obligations of a Separate Utility System except that the Net Revenues may be pledged on a basis subordinate to the lien on such revenue to the lien of the Bonds.

Additional Covenants

The City has covenanted and agreed to, and with the owners of record (the “Registered Owners”) of the Series 2023 Bonds and any Parity Bonds, that the City will perform the following covenants:

Rate Covenant. The City has established, may from time-to-time revise, and shall maintain and shall collect from the users of the System, rates, and charges for furnishing the services and the facilities of the System to such users thereof. Said rates and charges are, and shall continue to be, uniform as to all persons or properties which are of the same class. The City shall establish, maintain, and collect such rates and charges for service of its System for so long as any Bonds are Outstanding and shall maintain the Rate Covenant.

Acquire Projects. The City shall commence the acquisition, construction and completion of any Project financed by proceeds of Bonds and continue the same with all practical dispatch and in a sound and economical manner.

System Operation. The City shall operate the System in an efficient and economical manner and prescribe, revise, and collect such charges in connection therewith so that the services, facilities, and properties of the System may be furnished at the lowest possible cost consistent with sound economy and prudent management.

Good Repair. The City shall operate, maintain, preserve, and keep the System and every part hereof in good repair, working order, and condition.

Preserve Security. The City shall preserve and protect the security of the Bonds and the rights of the Registered Owners thereof.

Collect Revenues. The City shall collect and hold in trust the Revenue of the System and other funds pledged to the payment of Bonds and apply such Revenue of the System or other funds only as provided in the Master Ordinance and all series ordinances.

Service Bonds. The City shall punctually pay the principal of and interest on Bonds on the date or dates, at the place or places, and in the manner that such sums are due in accordance with the Master Ordinance and all series ordinances.

Pay Claims. The City shall pay and discharge any and all lawful claims for labor, materials, and supplies which, if unpaid, might by law become a lien or charge upon the Revenue of the System, or any part of said Revenue of the System, or any funds in the hands of the City Administrator or City Treasurer, prior or superior to the lien of the Bonds or which might impair the security of the Bonds to the end that the priority and security of the Bonds shall be fully preserved and protected.

Encumbrances, Sales, or Transfers of the System. The City shall not encumber, sell, lease, or dispose of the System or any part thereof, nor enter into any lease or agreement which would impair or impede the operation of the System or any part thereof necessary to secure adequate Revenue for the payment of the principal of and interest on the Bonds and for the City to meet the Rate Covenant, nor which would otherwise impair or impede the rights of the Registered Owners of the Bonds with respect to such Revenue or the operation of the System except as explicitly set forth in the Master Ordinance. *See “Appendix B—Master Bond Ordinance and Series 2023 Ordinance.”*

Insurance. The City shall self-insure or procure and keep in force insurance upon all buildings and structures of the System and the machinery and equipment therein, which are usually insured by entities operating like property, in good and responsible insurance companies. The amount of the insurance shall be such as may be required to adequately protect it and the Registered Owners of any Bonds from loss due to any casualty, and in the event of any such loss, the proceeds shall be used to repair or restore the System or for the payment of Bonds.

Fidelity Bonds. The City shall procure suitable fidelity bonds covering all its officers and other employees charged with the operation of the System and the collection and disbursement of Revenue of the System.

Engineers. The City shall employ consulting engineers of acknowledged reputation, skill and experience in the improvement and operation of the System for any unusual or extraordinary items of maintenance, repair, extensions, or betterments as shall from time to time be required. All reports, estimates, and recommendations of such consulting engineers shall be filed with the Clerk and furnished to the Registered Owners of any Bonds upon request.

Accounts. The City shall keep and maintain proper and separate accounts and records in which complete and separate entries of all transactions relating to the System, and it will furnish complete operating and income statements upon request.

Delinquencies. The City shall not enter any new agreements or arrangements or make any new offers to provide System products or services at a discount from published rate schedules or provide free System products or services except: (i) for City-owned facilities, (ii) in case of emergencies, (iii) where the City exchanges services with the District or other water systems, or (iv) where in the reasonable judgement of the City such action does not materially reduce the Revenue received by the City.

Events of Default and Remedies

See Section 21 “Events of Default” and Section 22 “Application of Funds and Moneys in Event of Default” in “Appendix B—Master Bond Ordinance and Series 2023 Ordinance” attached hereto.

COVID-19 PANDEMIC

State Response

In response to evidence of community spread of COVID-19, on March 13, 2020, Idaho Governor Brad Little (the “Governor”) proclaimed a state of emergency throughout the State. The State implemented a phased plan for allowing economic activity to increase. The plan occurred over four stages and set forth specific criteria for the State to meet before moving into each of the four stages, as well as business protocols for certain businesses to open in the various stages. COVID-19 vaccines are now available to all people in the State over the age of five. As of August 31, 2022, the State reports over 985,448 people are fully vaccinated with nearly half of those having received an additional booster dose. The State never issued vaccine mandates and banned vaccine passports. On March 8, 2022, the Governor announced that Idaho would end the health emergency declaration on April 15, 2022. There are currently no limitations on business operations, and no limits on gatherings.

City Response

The City’s System maintained a strong financial condition during the pendency of the COVID-19 pandemic and its operations and capital spending plans were not materially impacted. Revenues of the System increased during the pendency of the COVID-19 pandemic. See “The System—TOTAL WASTEWATER RATE COLLECTION SUMMARY,” below. The City’s local option tax revenues further illustrate the fact that the City became a refuge during the pandemic, with year over year increases of 31% and 11% in 2021 and 2022, respectively.

The City did not offer any delinquency forgiveness related to late payments, though local housing authorities were able to offer utility assistance to renters within the Service Area by way of funds the State received through the Emergency Rental Assistance program. Collection rates of the System have increased since March 2020 and the City did not experience overall revenue loss because of the COVID-19 pandemic. While the City received Coronavirus Aid, Relief, and Economic Security Act funds and American Rescue Plan Act recovery funds, it did not allocate any of those funds to the System.

Risk Factors

The current domestic and international financial disruption has had, and may continue to have, negative repercussions upon state, national and global economies. Examples of potential impacts include volatility in the securities markets,

significant losses in investment portfolios, a scarcity of credit, lack of confidence in the financial sector, reduced business activity, increased consumer bankruptcies, increased business failures and bankruptcies, and increased unemployment rates.

The full impact of the COVID-19 pandemic on the operations and financial condition of the City cannot be fully determined at this time due to the evolving nature of the pandemic, including uncertainties relating to the future actions of governmental authorities to contain or mitigate its impact, though such effect could be material and adverse. The City is continuously monitoring the situation and will adjust its response in concert with federal, state, and local health officials and governmental authorities.

Effect on the Series 2023 Bonds

The Series 2023 Bonds are secured by and payable from the Revenues of the System. Revenues are dependent upon the payment of rates and charges by connected customers. Unless conditions related to the COVID-19 pandemic change, the City does not anticipate any ongoing adverse economic effects on the City's overall collection of Revenue, nor to its collection of Revenues of the System.

CITY INDEBTEDNESS

General

The following is a description of statutory limitations on distinct types of debt authorized for municipalities in the State:

Special Assessment Bonds. Idaho Code Sections 50-3101 et seq. and 50-1701 et seq. provide for special assessment bonds for community infrastructure districts ("CID") and local improvement districts ("LID"), respectively. There are no statutory limitations to the par amount of CID special assessment bonds that may be issued, other than the amount assessed against any property within the district may not be more than the taxable value of the property. For LID special assessment bonds, the aggregate fair market value of the real property within the assessment area, including the infrastructure financed with the special assessments, must be greater than three times the aggregate par amount of the LID special assessment bonds.

Revenue Bonds. There are no statutory limitations to the par amount of revenue bonds that can be issued by a municipality or CID, provided that the par amount may not exceed the costs of the project financed with proceeds of the revenue bonds. The project must be self-supporting and in the case of new money bonds, the par amount cannot exceed the amount authorized by voter approval or judicial confirmation. In the event of refunding bonds, the par amount cannot exceed the par amount of the refunded bonds.

General Obligation Debt. Idaho Code Section 50-1019 limits voter-approved general obligation debt for cities located in the State to an amount not to exceed 2% of the market value for assessment purposes, less the aggregate outstanding voter-approved general obligation bond indebtedness. General obligation debt requires two-thirds (2/3) voter approval. CIDs can also issue general obligation debt, but the aggregate outstanding par amount of the general obligation bonds, together with any other debt of the CID, may not exceed 9% of the actual or adjusted market value on all taxable property within the CID.

Certificates of Participation. Certificates of participation represent undivided ownership interests in lease payments under financing leases entered by a municipality. The payments evidenced by the lease are special obligations of the municipality subject to annual appropriation of the lease payments, and not a general obligation of the municipality. These obligations are subject to a municipality's willingness and ability to budget and annually appropriate funding to make the payments. Municipalities are authorized to lease real property pursuant to Chapter 14, Title 50, Idaho Code.

Outstanding Long-Term Debt

The following table sets forth the City's outstanding long-term obligations.

LONG-TERM INDEBTEDNESS
(AS OF FEBRUARY 1, 2023)

Type of Debt	Principal Outstanding
General Obligation Bonds	\$10,420,000
Revenue Bonds	
Water Revenue Refunding Bonds, Series 2014	\$820,000
Water Revenue Refunding Bonds, Series 2015	\$2,140,000
Capital Leases	\$1,342,063
Total:	\$14,722,063⁽¹⁾

Source: The City of Ketchum and extracted from the City's FY 2022 Audited Financial Statements.

(1) The City's long-term indebtedness described above is not supported by Revenues of the System.

Debt Payment Record

The City has promptly met all debt service payments on outstanding obligations. No refunding debt has been issued to avoid an impending default.

Debt Service Requirements

The following table shows the projected debt service requirements of the Series 2023 Bonds.

Fiscal Year Ending 9/30	Series 2023 Bonds		Total Debt Service
	Principal ⁽¹⁾	Interest	
2023	\$	\$	\$
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
Total:			

(1) Preliminary, subject to change.

Future Financings

Upon issuance of the Series 2023 Bonds, the City will have approximately \$7,000,000* of the Bonding Capacity remaining to be issued and secured by the Net Revenues of the System. At the time of issuance, the Series 2023 Bonds

will be the only outstanding debt secured by a pledge of Net Revenues. See “PURPOSE AND USE OF PROCEEDS – Project – Additional Funding for Project” above. The City contemplates additional Parity Bonds being issued in the next [4] years. See “THE SYSTEM – Facility Plan” below.

THE SYSTEM

Introduction

The City owns and manages the System, which collects wastewater from throughout the City and transports it to the Facility. The System includes over 30 miles of pipeline, consisting of concrete and PVC, servicing approximately 2,100 connections. The City independently manages and operates the Facility, treating wastewater collected (i) from the City’s own wastewater collection system, (ii) from the District’s separately owned and operated wastewater collection system, and (iii) from the Weyyakkin Subdivision, which is located within the City of Sun Valley, Idaho (“Sun Valley”), but outside the boundary of the District. The District’s collection system is made up of approximately 27 miles of pipeline, consisting of concrete, clay, and PVC, servicing approximately 2,800 connections.

The Facility consists of screening, pumping, grit removal, activated biosolid treatment, tertiary filtration, and disinfection. Treated water with increased disinfection meeting the DEQ Class A reuse standards, is reused for irrigation by the Weyyakkin Subdivision and the Elkhorn Golf Course. The biosolids produced and processed at the Facility are aerobically digested. The design capacity of the Facility is 4.0 mgd and current flow is 1.05 mgd. The average daily peak is 1.49 mgd and the peak hourly flow is 3.05 mgd.

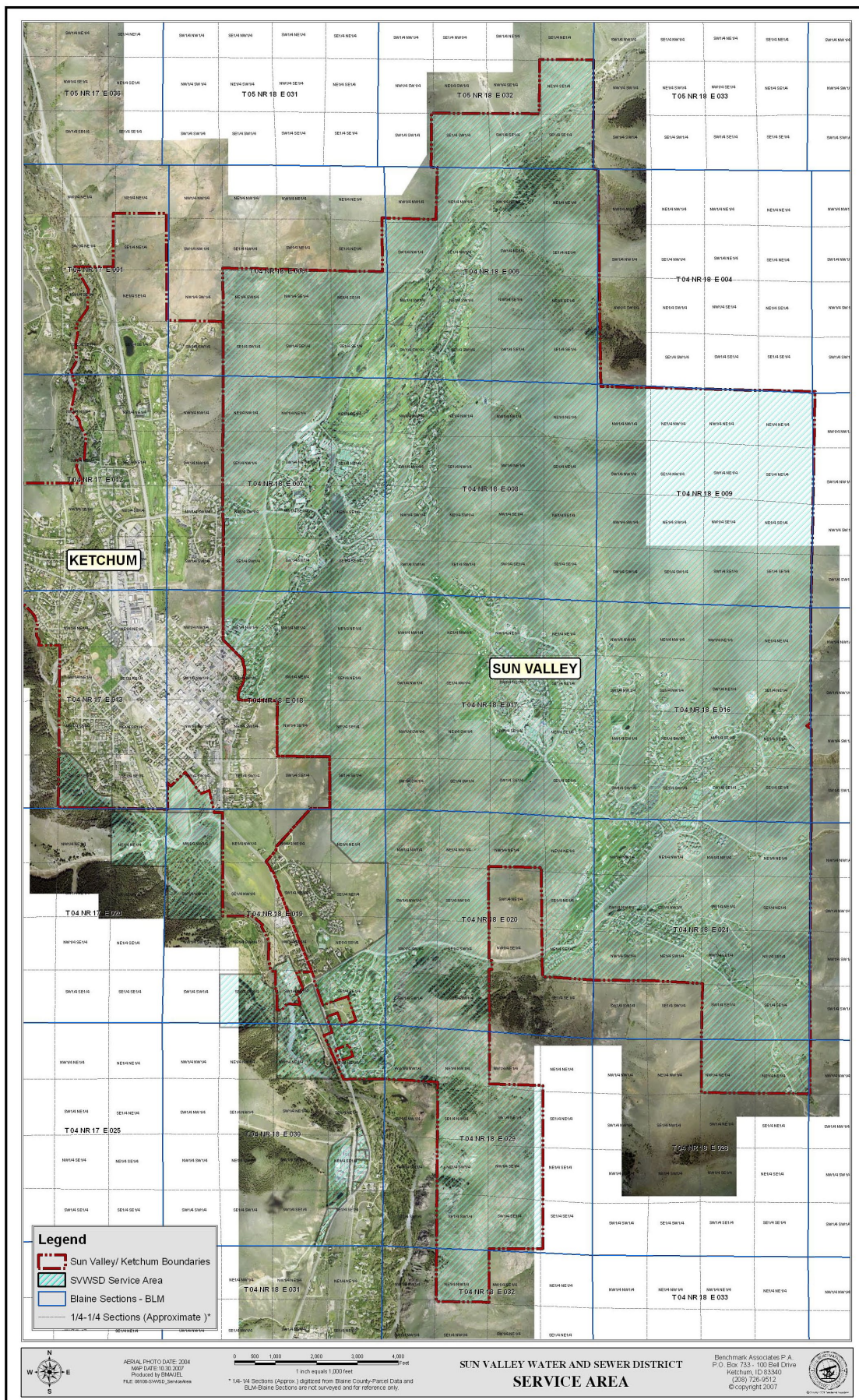
The System is operated and managed by the City’s Wastewater Division (the “Division”) within its Utilities Department. The administrative offices for the Utilities Department, the Water Utility Shop, and certain equipment are all located on the Facility site. The Division has a process in place to track its System assets on a regular schedule, which, when combined with flow projections, provides the City with information to rehabilitate degrading pipes and plan for growth in a timely manner.

The System is separate from the City’s wholly owned water utility.

Service Area

The service area served by the Facility is approximately 10 square miles and includes the boundaries of the City and Sun Valley, as well as St. Luke’s Hospital (the “Service Area”). The Facility serves an average equivalent population of approximately 12,000 to 17,000. The Service Area is outlined in the following map, which was obtained from the City.

[The remainder of this page left intentionally blank.]



The Facility Plan analyzes four additional zones, or regions, of the greater Wood River Valley that may also be served by the Facility over the 20-year planning period. The Facility currently serves the City and Sun Valley, including St. Luke's Hospital, which is currently the southernmost facility served by the Facility. In the future, the Facility could serve nearby development, defined as impact zones in the Facility Plan, as follows:

- Zone 1 – Developments north of Ketchum, including Hulen Meadows, Beaver Springs, and Flower Mill areas;
- Zone 2 – Developments west of Ketchum, including Warm Springs Ranch and Warm Springs Village;
- Zone 3 – Developments south of Ketchum, including the River Run base facilities to McHanville; and
- Zone 4 – Developments in the Sun Valley area, including the White Cloud Development and Elkhorn Springs.

Current completed developments in Elkhorn Springs are considered part of the Sun Valley tourist population. Future expansion of this development is considered part of Impact Zone 4.

Population Served. The population of the City and Sun Valley area can be divided into three general groups: permanent residents—those who live year-round in the area; second-home residents—those who own homes in the area, but only live in them for part of the year; and tourists—short-term visitors to the area. The following table estimates the peak season and average population served by the Facility currently versus the estimated planning period population (2042):

ESTIMATE OF CURRENT POPULATION VS. PLANNING PERIOD POPULATION⁽¹⁾

Parameter	Ketchum	Sun Valley	Impact Zones	Totals
Current				
Average Equivalents	7,190	4,955	-	12,146
Peak Equivalents	9,567	7,401	-	16,968
Planning Period (2042)				
Average Equivalents	9,250	7,817	266	17,332
Peak Equivalents	12,216	11,378	602	24,196

Source: The City of Ketchum.

- (1) Equivalents de-rate the tourist population to 80% and the commuter population to 20% of the actual population.

By customer class, the City currently provides service to approximately 2,291 accounts, 81% of which are residential. The following table shows the ten largest accounts of the Facility, the customer class and the percentage of rate revenues.

TEN LARGEST FACILITY CUSTOMERS (2022)

Customer Name	Customer Class	FY 2022 Percent of Rate Revenues
Weyyakin HOA	Residential	1.6
Horizons 4 HOA	Residential	1.3
Parkside Village Owners Inc.	Residential	1.2
Prospector HOA	Residential	1.2
International Village HOA	Residential	1.1
Wildwood HOA	Residential	1.0
Limelight Ketchum LLC	Commercial	0.9
Fields at Warm Springs	Residential	0.8
SWC Building	Res/Comm	0.8
Ketchum & Mustard LLC	Commercial	0.7

Source: The City of Ketchum.

Collection System

The City's collection system is made up of over 30 miles of 8-inch through 24-inch pipe. Except for new developments, most of the piping is approximately 30 years old and constitutes asbestos cement sewer pipe, with newer piping consisting of PVC.

The District's separate collection system is made up of approximately 27 miles of 8-inch through 18-inch pipe. The system was originally constructed using non-reinforced concrete and clay pipe. Development occurring in the 1970's used asbestos-covered cement sewer pipes. Newer development, after the late 1970's utilizes PVC piping.

Efforts over the last two decades have decreased inflow and infiltration to the collection systems of both communities. The Facility Plan, as described below, only generally considers and describes the City and District collection systems. A comprehensive collections system study is being prepared by HDR Engineering, Inc. and will be delivered to the City in early 2024.

The Facility

The Facility consists of screening, pumping, grit removal, activated biological treatment, tertiary filtration, and disinfection. The sources of wastewater flow are domestic flows from households and commercial businesses, as well as inflow and infiltration. The following table includes future flows based on historical and future population trends as well as past flow data. While pollutant loading values are based on historical concentration trends, the mass loads were determined by using the future flow rates and concentration values:

CURRENT AND FUTURE FLOWS AND LOADS

Parameter	Current (2021)	Planning Period (2042)
Average Annual Flow (MGD)	1.05	1.73
Peak Month Flow (MGD)	1.34	2.57
Peak Day Flow (MGD)	1.49	3.47
Peak Hour Flow (MGD)	3.05	5.96
BOD Average Annual (lbs/d)	2,348	3,888
BOD Peak Month (lbs/d)	3,857	5,757
TSS Average Annual (lbs/d)	1,715	2,902
TSS Peak Month (lbs/d)	2,345	4,296
TP Average Annual (lbs/d)	34	58
TP Peak Month (lbs/d)	47	86
TKN Average Annual (lbs/d)	351	580
TKN Peak Month (lbs/d)	446	859

Source: The City of Ketchum and the City's Facility Plan.

The Facility Plan. Generally, the Facility Plan can be divided into several groups requiring upgrading or improvement, including the headworks, activated biosolids system, tertiary treatment, disinfection, solids handling, and effluent end-use.

The headworks are made up of the influent pumps, screening, grit chamber, and odor control. While these components are generally adequate for current and future conditions, upgrades are needed during the Planning Period due to aging infrastructure and components.

Activated biosolids aeration basins are also generally adequate for future conditions but improvements are required related to baffling and process configuration during the Planning Period. These configuration changes will significantly reduce energy costs associated with aeration and provide flexibility for additional total nitrogen removal, which is an important element of producing treated water for reuse.

Air supply is critical to the activated biosolids system. As such, a major component of Project investment is aeration blower replacements. Facility operating costs are dominated by electrical power for aeration blowers. Currently, the Facility uses high-efficiency turbo blowers, however, the Facility Plan recommends hybrid blower technology, which has nearly identical energy efficiency as turbo blowers but a much simpler maintenance routine, with lower associated costs.

The Facility's tertiary treatment system consists of cloth media filters and Project upgrades are related to miscellaneous equipment components and filter media. While the ultraviolet (UV) light disinfection system works well—leaving little residual living bacteria in the treated effluent—the tertiary treatment system is 20 years old and must be replaced during the Planning Period. Effluent treated at the Facility is normally diverted into the Big Wood River but during irrigation season is instead diverted under an Idaho Department of Environmental Quality (“DEQ”) Class A reuse water permit, for beneficial irrigation use by both the City and District. Continuing and future reuse diversion both supplies much needed water to landscape and golf course grounds during the irrigation season and relieves nutrient load to the Big Wood River.

Upgrading and improving the Facility's solids handling system is a major Project component as the Facility currently only has one aerobic digester / holding tank, with no redundancy when the existing holding tank must be taken offline for maintenance. The Project will add a second digester to increase capacity, both for future growth of the System, and redundancy for the existing digester. To better handle liquid solids, the Facility Plan further recommends a rotary drum thickener to boost solids content from 3% to 6% percent and a screw press to further dewater liquid solids to 15–18% biosolids. At this concentration, liquid transport to City-owned drying beds will decrease from 16,500 tons to 3,300 tons per year as well as allow for an improved composting amendment to be used on-site at the Facility.

FACILITY PLAN CAPITAL IMPROVEMENTS PROJECT SCHEDULE

Project	Project Cost (2022 Dollars)	Inflated Project Cost	2022	2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042
Aeration Basins - Anoxic and MLR (Nos. 3 & 4)	\$987,000	\$1,016,610		\$1,016,610							
Aeration Basin Blower Repair	\$65,000	\$65,000	\$65,000								
Grit Removal System	\$1,015,000	\$1,324,345							\$1,324,345		
Aeration Basin Upgrades (Nos. 1 & 2)	\$2,140,000	\$2,518,059						\$1,240,423	\$1,277,636		
Rotary Drum Thickener & Dewatering Building	\$7,204,000	\$7,757,364			\$3,821,362	\$3,936,003					
Remove Digester No. 1 Building and New Flat Covers	\$690,000	\$710,700		\$710,700							
Clarifier No. 1 HVAC and Roof Repair	\$183,000	\$194,145			\$194,145						
Gravity Thickener & Transfer Building Demo	\$145,000	\$158,445				\$158,445					
Digester No. 2	\$2,648,000	\$3,355,384							\$3,355,384		
Screw Press	\$1,527,000	\$1,718,652					\$1,718,652				
New & Replacement Digester Blowers	\$1,829,000	\$2,249,439							\$2,249,439		
Aeration Basin Blowers & Updated Electrical	\$6,626,000	\$7,610,105		\$2,185,660		\$1,849,987		\$1,276,361	\$2,298,097		
Replace Generator & MCC-3	\$1,263,000	\$1,599,931							\$1,599,931		
Pump Replacements	\$1,413,000	\$2,072,613						\$409,514	\$474,738	\$550,352	\$638,009
Replace UV Equipment	\$1,694,000	\$2,022,725							\$2,022,725		
Upgrade PLC Hardware	\$1,356,000	\$1,526,190					\$1,526,190				
Upgrade Filter PLC	\$102,000	\$105,060		\$105,060							
Digester No. 1 Diffusers	\$250,000	\$326,193							\$326,193		
Clarifier Mechanism No. 1 Replacement	\$553,000	\$743,186							\$743,186		
Upgrade Dewatering PLC	\$102,000	\$149,790								\$149,790	
Misc. Headworks Improvements	\$271,000	\$412,158						\$59,123			\$353,035
Upgrade UV PLC	\$102,000	\$105,060		\$105,060							
Clarifier Mechanism No. 2 Replacement	\$454,000	\$666,714								\$666,714	
Lab/Ops/Maintenance Remodel	\$1,010,000	\$1,398,076								\$1,398,076	
Utility Tractor	\$67,000	\$67,000	\$67,000								
Sewer Cleaning "Vac" Truck	\$450,000	\$450,000	\$450,000								
Parking Lot Repaving	\$1,330,000	\$1,949,527					\$748,463				\$1,201,064
Replace VFD's	\$1,564,000	\$2,188,629							\$933,749		\$1,254,880
Outfall Clearing	\$167,000	\$220,281					\$93,980			\$126,301	
Total Cost¹	\$37,207,000	\$44,681,383	\$582,000	\$4,123,090	\$4,015,507	\$5,944,435	\$4,087,285	\$2,985,421	\$16,605,423	\$2,891,234	\$3,446,989

¹ Total costs account for 3% inflation.

MLR=mixed liquor recycle; HVAC=heating, ventilation, and air conditioning; UV=ultraviolet; SCADA=supervisory control and data acquisition system; PLC=programmable logic controller

Source: The City of Ketchum and the City's Facility Plan.

Though the full needs, exact costs and expected funding sources are not finalized, the City expects the costs of the Project to be funded as follows.

	Bonds	Other Financing Source ⁽¹⁾	Total Project Cost⁽²⁾
Sun Valley Water and Sewer District City of Ketchum	\$	\$	\$
Total Project	\$	\$	\$

Source: The City of Ketchum.

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Wastewater Services Rates

Monthly Rates. Historically, rates are considered annually as part of the City's annual budget development process. The City of Ketchum City Council ("City Council") has final approval of the rates of the System. Rates are approved for implementation at the start of the following Fiscal Year, October 1. The City Council may adjust rates at other times during a Fiscal Year by approval of an ordinance after three readings. Resolution No. 22-021 increased the City's Wastewater rates by approximately 7% over the prior rates for the current fiscal year. The City's current wastewater rates are as follows:

WASTEWATER RATES

Service Number	Classification	Rate Per Month
11	Single family home	\$41.85
12	Multiple living unit	\$41.85
13	Motel / hotel (first unit)	\$41.85
15	Office building / 1,500 square feet	\$41.85
16	Retail sales / 3,000 square feet	\$41.85
17	Restaurant / cafe per seat with or without a trap	\$4.13
20	Retail food / 1,500 square feet	\$41.85
21	Barber shop / per chair	\$20.90
22	Beauty salon / per operator	\$41.85
26	Dry cleaners	\$83.67
27	Garage / mechanical per 1,500 square feet	\$83.67
28	Laundries	\$167.39
29	Bank	\$83.67
30	School / per 50 students	\$41.85
31	Swimming pool / private / 500 square feet	\$10.40
32	Beer, wine, liquor	\$78.20
33	Theater / per screen	\$83.67
35	Nursery school	\$83.67
36	Church	\$83.67
37	Lodge / private / 3,000 square feet	\$83.67
39	Dentist / doctor/ per medical doctor	\$45.04
40	Car wash with recycle	\$45.04
41	Hospital / per bed	\$8.34
42	Bowling alley / per lane	\$16.72
43	Car wash without recycle / per bay	\$73.60
44	Commercial / 3,000 square feet	\$41.85
45	Photo development lab	\$83.60
46	Gas station with public restrooms	\$83.67
47	Warehouse / 6,000 square feet	\$41.85
48	Swimming pool / public / 500 square feet	\$31.99
54	Motel / hotel unit without cooking	\$10.40
55	Motel hotel, with cooking	\$20.90
56	Senior family living home	\$20.90

Source: City of Ketchum.

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A 5-year history of Wastewater services rate adjustments is shown in the following table:

HISTORIC WASTEWATER SERVICES RATE ADJUSTMENTS

	2019	2020	2021	2022	2023
Residential	\$33.89	\$35.55	\$37.29	\$39.12	\$41.85
Commercial	\$33.89	\$35.55	\$37.29	\$39.12	\$41.85

Source: The City of Ketchum.

Current average rates for the City and District follow:

SUMMARY OF AVERAGE USER RATES AND REVENUES

Item	Ketchum	SVWSD	Total
Connections	2,089	2,792	4,881
Average Monthly Rate per Connection	\$39.12	\$23.00	-
Average Quarterly Revenue	\$245,165	\$192,648	\$437,813
Average Yearly Revenue	\$980,660	\$770,592	\$1,751,252

Source: The City of Ketchum

Approximately 100% of the revenue from the City’s residential customers has historically been generated from the base charge associated with such accounts, with no additional revenue derived from use charges.

Cost of Service Study. The City is planning to conduct a Cost-of-Service Study and Rate Design (herein the “Cost-of-Service Study”) to establish updated monthly rates and a new connection fee methodology for new development to determine the adequacy of the existing rates, which will take into account the funding required to maintain and upgrade the Facility in accordance with the Facility Plan. See “THE SYSTEM – Facility Plan” above. The Cost-of-Service Study will occur once the Collection System Study is completed in early 2024. The City plans to annually increase rates, subject to annual City Council approval, at a lower rate to keep pace with increasing Facility and improvement costs. The City estimates its rate revenue must increase approximately 7% in FY 2023 with increases of approximately 5% through FY 2032. The rate increase to each customer classification may be higher or lower, so long as the overall rate increase is achieved.

The following tables present estimated wastewater services rate adjustments for each customer classification. Estimates are subject to change and the City will continue to consider and evaluate rates each year to ensure revenue requirements are met.

PROJECTED WASTEWATER SERVICES RATE ADJUSTMENTS

5-YEAR MONTHLY RATES BY CATEGORY			PROJECTED MONTHLY RATES				
	Annual Percentage Increase	7.0%	5.0%	5.0%	5.0%	5.0%	5.0%
		FY 2023	FY 2024	FY2025	FY 2026	FY2027	FY2028
11	Single family home	41.85	43.94	46.14	48.45	50.87	53.41
12	Multiple living unit	41.85	43.94	46.14	48.45	50.87	53.41
13	Motel / hotel (first unit)	41.85	43.94	46.14	48.45	50.87	53.41
15	Office building / 1,500 square feet	41.85	43.94	46.14	48.45	50.87	53.41
16	Retail sales / 3,000 square feet	41.85	43.94	46.14	48.45	50.87	53.41
17	Restaurant / cafe per seat with or without a trap	4.13	4.34	4.55	4.78	5.02	5.27
20	Retail food / 1,500 square feet	41.85	43.94	46.14	48.45	50.87	53.41
21	Barber shop / per chair	20.90	21.95	23.04	24.19	25.40	26.67

22	Beauty salon / per operator	41.85	43.94	46.14	48.45	50.87	53.41
26	Dry cleaners	83.67	87.85	92.25	96.86	101.70	106.79
27	Garage / mechanical per 1,500 square feet	83.67	87.85	92.25	96.86	101.70	106.79
28	Laundries	167.39	175.76	184.55	193.77	203.46	213.64
29	Bank	83.67	87.85	92.25	96.86	101.70	106.79
30	School / per 50 students	41.85	43.94	46.14	48.45	50.87	53.41
31	Swimming pool / private / 500 square feet	10.40	10.92	11.47	12.04	12.64	13.27
32	Beer, wine, liquor	83.67	87.85	92.25	96.86	101.70	106.79
33	Theater / per screen	83.67	87.85	92.25	96.86	101.70	106.79
35	Nursery school	83.67	87.85	92.25	96.86	101.70	106.79
36	Church	83.67	87.85	92.25	96.86	101.70	106.79
37	Lodge / private / 3,000 square feet	83.67	87.85	92.25	96.86	101.70	106.79
39	Dentist / doctor/ per medical doctor	45.04	47.29	49.66	52.14	54.75	57.48
40	Car wash with recycle	45.04	47.29	49.66	52.14	54.75	57.48
41	Hospital / per bed	8.34	8.76	9.19	9.65	10.14	10.64
42	Bowling alley / per lane	16.72	17.56	18.43	19.36	20.32	21.34
43	Car wash without recycle / per bay	83.67	87.85	92.25	96.86	101.70	106.79
44	Commercial / 3,000 square feet	41.85	43.94	46.14	48.45	50.87	53.41
45	Photo development lab	83.67	87.85	92.25	96.86	101.70	106.79
46	Gas station with public restrooms	83.67	87.85	92.25	96.86	101.70	106.79
47	Warehouse / 6,000 square feet	41.85	43.94	46.14	48.45	50.87	53.41
48	Swimming pool / public / 500 square feet	31.99	33.59	35.27	37.03	38.88	40.83
54	Motel / hotel unit without cooking	10.40	10.92	11.47	12.04	12.64	13.27
55	Motel hotel, with cooking	20.90	21.95	23.04	24.19	25.40	26.67
56	Senior family living home	20.90	21.95	23.04	24.19	25.40	26.67

Source: The City of Ketchum.

Rate Comparison. The following is a comparison of the average monthly charges for the City's residential customers compared to those residential customers of nearby cities for the Fiscal Year 2023.

RATE COMPARISON

City	Rate
Hailey	\$59.37 (5,000 gallon/month)
Bellevue	\$85.86
Jerome	\$70.00
Rupert	\$56.91
Heyburn	\$65.61
Burley	\$45.50
McCall	\$70.00 (3,000 – 4,000 gallons)

Source: The City of Ketchum.

The City maintains strong performance in year-over-year wastewater revenues.

TOTAL WASTEWATER RATE COLLECTION SUMMARY

Year	Total Rate Collection
2019	2,061,375.65
2020	2,136,432.75
2021	2,297,441.16
2022	2,424,758.45

Source: The City of Ketchum

Billing and Collection. Billing occurs monthly for all customer classifications at the established rate. A single customer user having more than one classification is charged for all applicable classifications rates. All customer classifications are due and payable by the 20th day of the month billed. Customer users aged 65 or older may qualify for a senior citizen rate, if the wastewater fee is being charged to the borrower user's primary residence.

Delinquent notices are mailed directly to delinquent account holders by City employees. A delinquency charge of 10% of the amount due and owing is assessed to delinquent accounts monthly. The City utilizes letters, phone calls, credit bureau reporting, and service shut-off to regulate delinquency. Escalated past-due accounts are passed to the City's legal department for small claims court or to a third-party collection agency. Each fall a Shutoff Notice is mailed to customers informing them a tax lien will be placed on their property if delinquent balance is not paid. Door hangers are then utilized prior to the recording of any tax lien.

Wastewater Fund

The operations of the Facility are accounted for in the Wastewater Fund, which is categorized as an enterprise fund of the City. All operations, debt service, and capital improvements to the System are accounted for in the Wastewater Fund.

The City includes in its annual budget for the Facility estimated receipts of revenues for services, fees, and other funds to cover all expenditures, including expenses of operation and maintenance, repair and replacement of facilities and equipment of the Facility.

The Fiscal Year 2023 budget, provided by the City, reflects revenues and expenditures both totaling \$6,868,120. The breakdown of budgeted revenues and expenses is detailed below:

SUMMARY OF RECENT WASTEWATER FUND REVENUES AND EXPENDITURES

Wastewater Division Revenues & Expenditures

	FY 2021 Audited Actuals	FY 2022 Adopted Budget	FY 2022 Actuals	FY 2023 Proposed Budget		FY 2021 Audited Actuals	FY 2022 Adopted Budget	FY 2022 Actuals	FY 2023 Proposed Budget
Revenues					Expenditures				
WASTEWATER	2,858,171	3,591,419	2,060,417	6,868,120	WASTEWATER	2,460,185	3,259,625	2,050,962	6,868,120
Revenues	FY 2021 Audited Actuals	FY 2022 Adopted Budget	FY 2022 Actuals	FY 2023 Proposed Budget	Expenditures	FY 2021 Audited Actuals	FY 2022 Adopted Budget	FY 2022 Actuals	FY 2023 Proposed Budget
1. WASTEWATER CHARGES	2,297,441	2,432,485	1,614,970	2,602,759	1. SALARIES	394,219	464,605	334,233	517,130
2. WASTEWATER INSPECTION FEES	720	-	640	-	2. BENEFITS	294,775	358,665	243,178	399,567
3. SUN VALLEY WA & SW DISTRICT CH	540,789	1,151,934	441,649	2,906,163	3. MATERIALS AND SERVICES	988,370	715,928	477,443	1,128,600
4. INTEREST EARNINGS	5,564	7,000	3,158	7,000	4. TRANSFERS	286,801	-	196,784	319,233
5. REFUNDS & REIMBURSEMENTS	(5,956)	-	-	-	5. CAPITAL OUTLAY TRANSFER	440,000	1,459,176	776,000	4,248,090
6. AMORTIZED BOND PREMIUM	19,449	-	-	-	6. DEBT SERVICE	56,020	261,250	23,323	255,500
8. FUND BALANCE	-	-	-	1,352,198	Total Expenditures	2,460,185	3,259,625	2,050,962	6,868,120
7. GAIN(LOSS) ON PENSION ACTIVITY	164	-	-	-					
Total Revenue less Transfers	2,858,171	3,591,419	2,060,417	6,868,120					
Transfers	-	-	-	-					
Total Revenue	2,858,171	3,591,419	2,060,417	6,868,120					
Funding Requests					Funding Requests				
1.					1.				
Sub-total	-	-			Sub-total	-	-	-	-
Total Revenue with Changes	2,858,171	3,591,419	2,060,417	6,868,120	Total Expenditures	2,460,185	3,259,625	2,050,962	6,868,120
Total Expenditures with Changes	2,460,185	3,259,625	2,050,962	6,868,120					
Total Revenue Over/Under	397,986	331,795	9,455	0					

Financial Reports

The following are summaries of the City's Wastewater Fund Statement of Net Position, Wastewater Fund Statement of Revenues, and Wastewater Fund Expenditures and Changes in Fund Net Position as extracted from the City's audited financial statements for the years indicated.

WASTEWATER FUND – STATEMENT OF NET POSITION⁽¹⁾ (FISCAL YEARS)

	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Audited
Assets:					
Current Assets:					
Cash and Deposits	\$ 1,408,912	-	\$ 1,476,217	\$ 2,458,029	\$ 3,184,738
Accts receivable – customers	20,898	-	17,101	21,039	19,593
Accts receivable – other govts.	39,164	60,233	58,713	72,539	115,114
	1,468,974	771,337	1,764,031	2,551,607	3,319,445
Restricted Current Assets:					
Cash and Deposits	212,000	212,000	212,000	212,000	212,000
Total Current Assets	1,680,974	983,337	1,764,031	2,763,607	3,531,445
Capital Assets:					
Plant and equipment	13,365,286	14,465,878	14,529,340	14,529,341	15,055,387
Accumulated depreciation	(6,055,007)	(6,379,305)	(6,709,093)	(7,038,483)	(7,354,866)
Net Plant and equipment	7,310,279	8,086,573	7,820,247	7,490,858	7,700,521
TOTAL ASSETS	8,991,253	9,069,910	9,584,278	10,254,465	11,231,966
Net Pension Asset & Deferred Outflow of Resources:					
Net Pension Asset	-	-	-	10,747	-
Deferred Outflows from Pension Activity	47,393	17,401	49,433	139,209	219,245
Liabilities:					
Current Liabilities:					
Accounts and Interest Payable	2,971	2,740	2,333	1,906	1,459
Current portion long-term debt	185,000	195,000	205,000	215,000	220,000
Total current liabilities	187,971	197,740	207,333	216,906	221,459
Noncurrent Liabilities:					
Bonds Payable	1,315,000		915,000	700,000	480,000
Unamortized Bond Discount	-	-	-	-	-
Unamortized Bond Premium	142,310		106,258	86,809	66,411
Net Pension Liability	224,575		235,774	-	435,804
Compensated Absences Payable	17,387	34,905	40,872	48,704	45,458
Total noncurrent liabilities	1,699,272	1,395,846	1,297,904	835,513	1,027,673
TOTAL LIABILITIES	1,877,243	1,593,586	1,505,237	1,052,419	1,249,132
Deferred Inflow of Resources					
Deferred Inflows from Pension Activity	18,540	53,708	7,699	343,833	3,195
Net Position					
Investment in capital assets					
net of related debt	5,667,969	6,647,763	6,593,989	6,489,049	6,934,110
Restricted	212,000	212,000	212,000	212,000	212,000
Unrestricted	1,252,984	580,254	1,314,786	2,307,120	3,054,124
TOTAL NET POSITION	\$ 7,132,953	\$ 7,440,017	\$ 8,120,775	\$ 9,008,169	\$ 10,200,134

(1) Fiscal Year 2023 projections were unavailable and are not included in this table.

Source: Extracted from the City of Ketchum's annual audited financial statements.

WASTEWATER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET POSITION
(FISCAL YEARS)⁽¹⁾

	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Audited
Operating Revenues:					
Charges for services	\$ 2,086,818	\$ 2,531,014	\$ 2,613,383	\$ 2,838,230	\$ 3,363,806
Hookups, connections, impact fees	100,555	24,485	114,547	89,578	157,674
Reimbursements and Misc.	26,119	5,421	14,926	-	84
Total Operating Revenue	2,213,492	2,560,920	2,742,856	2,927,808	3,521,564
Operating Expenses:					
Salaries and benefits	643,283	637,325	618,302	688,995	810,220
Administrative and supplies	843,314	905,548	839,889	992,067	1,168,694
Depreciation	289,692	324,298	329,788	329,390	316,382
Total Operating Expenses	1,776,289	1,867,171	1,787,979	2,010,452	2,295,296
Operating Income	437,203	693,749	954,877	917,356	1,226,268
Nonoperating Revenues (Expenses)					
Interest Income	26,229	23,651	14,272	6,445	15,677
Interest Expense	(75,086)	(71,030)	(65,340)	(56,020)	(45,750)
Gain (Loss) on pension activity	1,803	42,194	(40,602)	164	(24,628)
Amortization of bond discount	-	-	-	-	-
Amortization of bond premium	17,077	-	17,551	19,449	20,398
Total Nonoperating	(29,977)	-	(74,119)	(29,962)	(34,303)
Income before transfers		707,064	880,758	887,394	1,191,965
Transfers in	-	-	-	-	-
Transfers out	-	(400,000)	(200,000)	-	-
Net Income	407,226	307,064	680,758	887,394	1,191,965
Total Net Position – Beginning	6,725,727	7,132,953	7,440,017	8,120,775	9,008,169
Total Net Position – Ending	<u>\$ 7,132,953</u>	<u>\$ 7,440,017</u>	<u>\$ 8,120,775</u>	<u>\$ 9,008,169</u>	<u>\$ 10,200,134</u>

(1) Fiscal Year 2023 projections were unavailable and are not included in this table.

Source: Extracted from the City of Ketchum's annual audited financial statements.

NET REVENUES AND DEBT SERVICE COVERAGE SUMMARY – WASTEWATER FUND⁽¹⁾

The following table shows the City's historical ability to comply with the Debt Service Coverage requirements of the Bond Ordinance.

	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Audited
Expenses:	\$ 1,776,289	\$ 1,867,171	\$ 1,787,979	\$ 2,010,452	\$ 2,295,296
Program Revenues:					
Fees, Fines, and Charges for Service	2,213,492	2,560,920	2,742,856	2,927,808	3,521,564
Capital Grants and Contributions	-	-	-	-	-
Net (Expense) Revenues and Change in Net Assets:	473,203	693,749	954,877	917,356	1,226,268
Total:	<u>\$ 473,203</u>	<u>\$ 693,749</u>	<u>\$ 954,877</u>	<u>\$ 917,356</u>	<u>\$ 1,226,268</u>

(1) Fiscal Year 2023 projections were unavailable and are not included in this table.

Source: Extracted from the City of Ketchum's annual audited financial statements.

Parity Bond Debt Service Expectation

Prior to issuing Parity Bonds, the City will be required to meet the covenants for Parity Bonds included in the Master Ordinance; *see* “SECURITY FOR THE SERIES 2023 BONDS – Future Obligations.” [The City expects to begin amortization of all Parity Bonds related to the Project in Fiscal Year 20[___]. Current projections for annual debt service on Parity Bonds following completion of the Project is \$[_____] million, beginning in Fiscal Year 20[___].]

Regulatory Environment and Permits

Operation of the Facility and the City’s Wastewater Division is regulated by the United States Environmental Protection Agency (“EPA”), which approved the State’s request for a state operated pollutant discharge elimination system in June 2018, thereby creating the Idaho Pollution Discharge Elimination System (“IPDES”) and delegating certain Clean Water Act discharge permitting authority to the State through DEQ. While the State has been delegated IPDES permitting authority from EPA, the City and District’s current permit was issued under the federal National Pollutant Discharge Elimination System (“NPDES”) program and a new IPDES permit has not yet been issued. The City and District have one NPDES permit (ID002081) for the City of Ketchum / Sun Valley Water and Sewer District Wastewater Treatment Plant, issued in 2012, which expired on July 31, 2017. The City and District reapplied under the IPDES Program and is currently operating the Facility under an administrative extension while awaiting issuance of a new IPDES permit by DEQ.

The City and Facility is in compliance with all relevant State and Federal acts, permits and regulations. There are no pending administrative actions by any regulatory agencies involving the Facility. The Facility is currently in compliance with all applicable permit parameters. The Pending IPDES Permit will reflect current Clean Water Act requirements and associated State standards. For any constituent regulations the City cannot immediately comply with, the Pending IPDES Permit will include a schedule of compliance to allow time to come into compliance.

THE CITY

General

The City was incorporated in 1961 and covers an area of approximately 3.25 square miles. Located in Blaine County, Idaho, the City is situated in central Idaho at the northern end of the Wood River Valley and the edge of the Sawtooth National Forest. The primary functions performed by the City include public safety, community development, public improvements, planning and zoning, and general administrative services to its residents.

Mayor – Council System

The City operates under the mayor-council system of government with a mayor (the “Mayor”) and four councilors (the “City Council”). The Mayor and City Council are elected to four-year terms. The Mayor serves as the chief executive officer for the City, responsible for carrying out policies set by the City Council and for enforcing the City Code. The City Council acts through the passage of ordinances, resolutions, and motions. Specific regulatory and ordinance powers are granted by State statute. Public hearings are held as required for matters such as land use planning and budgeting.

Current members of the City Council and other officers of the City and their respective terms in office are as follows:

Name	Position	Term Expires
Neil Bradshaw	Mayor	2026
Jim Slanetz	Council President	2024
Courtney Hamilton	Councilor	2026
Amanda Breen	Councilor	2026
Michael David	Councilor	2024

Source: The City of Ketchum.

Key Administration Officials

The administrative and management staff of the City includes a City Administrator, a City Treasurer, and the Wastewater Division Supervisor, who oversees the City's System and Facility. [All management staff is hired by the City Council.]

Neil Bradshaw, Mayor. Mr. Bradshaw was elected Mayor in 2017. He earned a Masters in Mechanical Engineering, Manufacture and Management from the University of Birmingham, UK, and an MBA while on scholarship to the University of Kansas. Mr. Bradshaw has a background in project finance, business development, investment banking, and sales, with a focus toward business development in seasonal economies and outdoor recreation. Mr. Bradshaw also serves as the volunteer President of the non-profit Ketchum Community Development Corporation and has had a hand in reshaping development of the City through volunteer-led development efforts, including the development of affordable housing and the Ketchum Innovation Center.

Jade Riley, City Administrator. Mr. Riley has served as the City's Administrator since August of 2021. Prior to that, Mr. Riley spent over 16 years with the City of Boise as Chief Operating Officer and Chief of Staff. Mr. Riley's experience with the City of Boise included the management of daily operations of twelve departments and oversaw development of Boise's \$515 million budget. Mr. Riley's background includes long-term strategic municipal development and planning. Prior to his local government service, he worked in a variety of roles in the federal government, including time at the White House and U.S. House of Representatives. He is a graduate of Boise State University with a degree in Political Science.

Shellie Gallagher, City Treasurer. Ms. Gallagher has been with the City in its Finance Department since May 2015, in a variety of positions, including Deputy Treasurer. In March 2021, she was appointed City Treasurer. A long-time public servant, Ms. Gallagher has served for over twenty years in other municipalities, including the City of Hailey, Idaho as Deputy Treasurer; City of Gardena, California as Deputy Treasurer; and the City of Meridian, Idaho as Utility Billing Manager.

Mick Mummert, Wastewater Division Supervisor. Mr. Mummert has been with the City in the Utilities Department since October of 2001. He was appointed Wastewater Division Supervisor in May of 2015 after working in all three divisions of the Utilities Department. He holds operator certification licenses for Wastewater Treatment, Wastewater Collections, Wastewater Land Application, and Water Distribution. Mick has earned an Associate Degree in Water Resource Management from the College of Southern Idaho.

Staff

As of September 30, 2022, the City has 73 full-time equivalent ("FTE") employees. The City employs part-time and seasonal employees to assist with peak demand. The City's Wastewater Division is supported by 5 full-time employees. The Facility complies with both EPA and DEQ requirements by including a superintendent certified at Wastewater Class IV, one lead operation certified at Wastewater Class IV, one operation certified at Wastewater Class II, or III, two assistant operations certified at Class I or higher, on person able to perform normal mechanical and/or electrical maintenance, one lab technician, and a part-time administrative assistant.

The City has ordinary turnover within the Wastewater Division, and historically has average vacancy rates of approximately []%. The City has not experienced any revenue decline or operations interruption as a result of turnover.

SUSTAINABILITY AND CLIMATE ACTION

The City has set a climate action goal of decarbonizing all city facilities by 2030. The 2020 Ketchum Sustainability Action Plan (the "Sustainability Plan") sets out the City's path for reaching carbon neutrality.

As it relates to the Project, the City plans to increase energy efficiency at the Facility by replacing electric space heaters with mini-split heaters, and installation of destratification fans, variable speed pumps, and sensor systems. The City also participated in Idaho Power's Wastewater Energy Cohort, to increase its understanding and ability to strategize and receive support in its treatment of industrial wastewater. The City is also now transitioning the majority of its wastewater biosolids into compost on-site, in order to replace land application practices.

FINANCIAL FACTORS

Accounting Policies

GASB 34. The Statement of Net Position and the Statement of Activities. The City's financial statements are prepared in conformity with generally accepted accounting principles in the United States ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). The City has implemented the financial reporting model required by GASB Statement No. 34, Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments. The City follows the "business-type activities" reporting requirements of GASB-34 that provides a comprehensive one-column look at the City's financial activities. The Statement of Net Position and the Statement of Activities provide information about the City's activities and present both a short-term and a long-term view of the City's finances. The City's financial statement reports that the most important feature of these statements is that they report the City's activities in a way that will help assess whether the City is better or worse off financially as a result of a given year's activities. They are prepared using the accrual basis of accounting, which reports the current year's revenues and expenses regardless of when cash changes hands.

Fund Accounting. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds consist of the General Fund, Local Option Tax Fund, Capital Improvement Fund, two Enterprise Funds (Water and Wastewater), and seven trusts or restricted purpose funds.

The Wastewater Fund is accounted for on a cost of services or capital maintenance measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on the balance sheets. Reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accrual basis of accounting is utilized for enterprise funds, including the Wastewater Fund. The accrual basis of accounting recognizes revenues when they are earned, and expenses when the related liability is incurred.

Independent Audit Requirement

The City's financial statement audit for the fiscal year ending September 30, 2022, was performed by Workman & Company, Twin Falls, Idaho ("Workman") and is included in "Appendix A – Annual Comprehensive Financial Report" attached hereto. The audit report indicates the financial statements fairly show the City's financial condition and are in conformance with GAAP. [Workman has consented to the inclusion of the Annual Comprehensive Financial Report in this Official Statement.]

Investment Policy

The City has a formal investment policy, approved on January 20, 1998, as Resolution No. 681. Additionally, the City's investment policy is governed by Idaho Code, Chapter 12 of Title 67, which provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment. The Code limits investments to the following general types: (i) certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of State and local governmental entities; (ii) time deposits accounts and tax anticipation and interest-bearing notes; (iii) bonds, treasury bills, debentures or other similar obligations issued or guaranteed by agencies or instrumentalities of the government of the State of Idaho or the United States; and (iv) repurchase agreements.

Local governments, including the City, are also authorized to invest in the Local Government Investment Pool ("LGIP"), which is managed by the Idaho State Treasurer's Office. Information on the LGIP investments is available from the Idaho State Treasurer. The City does invest in the LGIP.

Investments are stated at cost, except for investments in the deferred compensation agency fund, which are reported at market value. Interest income on such investments is recorded as earned in the General Fund of the City unless otherwise

specified by law. For additional detail regarding the City's investment policy, *see also* "Appendix A—Annual Comprehensive Financial Report, for Fiscal Year Ended September 30, 2022 – Note 2. Cash and Cash Deposits."

Debt Policy

[The City has adopted a formal debt policy which applies to all debt issued by the City regardless of purpose, source, or type.]

Risk Management

The City manages its risks through the purchase of a general insurance coverage policy for public entities through the Idaho Counties Risk Management Program ("ICRMP"), a program that is the primary source of property and casualty loss protection for Idaho local governments including counties, cities, and special purpose districts. As of the date of this Official Statement, all policies are current and in force. The City believes its risk management policies and coverages are normal and within acceptable coverage limits for the type of services the City provides.

Pension System

PERSI. The City is a member of the Idaho State Public Employees' Retirement System of Idaho ("PERSI"). The City's classified employees, including those hired prior to July 1, 1990, are covered under PERSI, which administers a multiple-employer cost-sharing defined benefit public employee retirement system. PERSI's funding objective is to meet long term benefit obligations through contributions and investment income and provide a reserve against market fluctuation. A retirement board (the "PERSI Board"), appointed by the governor and confirmed by the State Senate, manages the system, including selecting investment managers to direct the investment, exchange, and liquidation of assets in the managed accounts and establishing policy for asset allocation and other investment guidelines. The PERSI Board is charged with the fiduciary responsibility of administering the system.

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan ("PERSI Base Plan"), the Firefighters' Retirement Fund and the Judges' Retirement Fund; two defined contribution plans, the Public Employee Retirement Fund Choice Plans 414(k) and 401(k); and two Sick Leave Insurance Reserve Trust Funds, one for State employers and one for school district employers.

PERSI membership is mandatory for eligible employees of participating employers, which consist of (i) employees who work 20 or more hours per week for five consecutive months, (ii) teachers working a half-time contract or greater, or (iii) persons who are elected or appointed officials. Membership is mandatory for State agency and local school district employees, and membership by contract is permitted for participating political subdivisions such as cities and counties. As of June 30, 2022, PERSI had 74,409 active members, 53,190 inactive members, and 50,891 retired members or beneficiaries. As of June 30, 2022, there were 840 participating employers in the PERSI Base Plan with a total overall membership of 177,802. As of September 30, 2022, the City had [] active employees entitled but not yet receiving benefits, and [] inactive employees or beneficiaries receiving benefits.

The Net Position for all pension and other funds administered by PERSI increased by \$5.0 billion during Fiscal Year 2021 and decreased \$2.8 billion during Fiscal Year 2022. The change in the defined benefit plans reflects the total of contributions received and an investment return less benefits paid and administrative expenses. All the plans experienced investment losses in Fiscal Year 2022 as a result of negative market performance. Net investment income for all of the funds administered by PERSI for the Fiscal Year 2022 and Fiscal Year 2021 was \$(2.4) billion and \$5.0 billion, respectively.

Based on the July 1, 2022, actuarial valuation, PERSI's Base Plan net pension liability of \$(78,977.973) million, resulted in a change in funding status from a funding ratio of 100.36% on July 1, 2021, to 83.09% on June 30, 2022. The funding ratio is the ratio of the actuarial value of the assets over the value of the actuarial accrued liability. The higher the funding ratio, the better the plan is funded.

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since its inception. As a result of the statutory requirement that the amortization period for the unfunded actuarial accrued liability (“UAAL”) be 25 years or less, the PERSI Board must annually analyze contribution rates. Because there is an amortization period of the Unfunded Actuarial Liability of 100+ years, the PERSI Board is currently analyzing contribution rates. Current rates are as follows:

CONTRIBUTION RATES

<u>Member</u>		<u>Employer</u>	
<u>General/ Teacher</u>	<u>Fire/ Police</u>	<u>General/ Teacher</u>	<u>Fire/ Police</u>
7.16%	9.13%	11.94%	12.28%

Source: Financial Statements June 30, 2022, Public Employee Retirement System of Idaho.

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2022, is based on the results of an actuarial valuation date July 1, 2022.

The City’s required and paid contributions to the Base Plan as of June 30, 2022, was \$420,730. The reflected required and paid contributions represent the City’s entire contribution and are not specifically attributable to the Wastewater Division. PERSI contribution requirements are established by the PERSI Board within limitations, as defined by state law, and the City relies on PERSI to communicate any increases to the employer-required contribution. The City’s required contribution amount is then collected pro-rata from the various departments based on a department’s number of employees and salaries, among other factors.

Under GASB Statement No. 68, the City is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of PERSI. On September 30, 2022, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the PERSI net pension liability was based under the Base Plan, which was 0.0790322%.

PERSI issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.persi.idaho.gov (which website is provided purely for convenience and is not incorporated or made a part of this Official Statement by this reference). Much of the information in this section comes from the PERSI Financial Statements, June 30, 2022, and therefore the information is from a source not within the City’s control.

Other Post-employment Benefits

As of the date of this Official Statement, the City does not have any other post-employment benefits.

DEMOGRAPHIC INFORMATION

The City is located in Blaine County, Idaho, in Idaho’s central mountains. Idaho State Highway 75 runs through the City, as does the Big Wood River. The City is served by the Friedman Memorial Airport, located approximately 15 miles away in Hailey, Idaho. Since the Sun Valley Mountain Resort opened as the first destination winter resort in the United States, the City has become a world-renowned travel destination and, as such, its economy is largely based on tourism. Winter tourism is driven by its proximity to Sun Valley, and summer amenities include golf, tennis, fishing, river rafting, and a variety of music and arts festivals and attractions. Year-round tourism is further bolstered by the City’s proximity to the Sawtooth National Recreation Area, as well as the Boulder, Smoky, and White Cloud Mountain Ranges. The City is approximately 150 miles away from Idaho’s capital city of Boise.

Local Economy, Industry and Employment

The following is a list of the largest employers in Blaine County:

Employer	Location	Product/Service	No. of Employees
Sun Valley Resort	Sun Valley	Hospitality	500-999
Blaine County School District	Hailey	Education	500-999
St. Luke's Wood River Valley Medical Center	Ketchum	Hospital	250-499
Atkinsons' Market, Inc. ⁽¹⁾	Ketchum	Supermarkets and other grocery	100-249
Power Engineers	Hailey	Engineering	100-249
Albertsons	Hailey	Supermarkets and other grocery	100-250
Blaine County	Hailey	Local government	100-249
Zenergy	Ketchum	Hospitality and Fitness	100-249
Community School	Sun Valley	Educational services	100-249
Valley Club	Hailey	Hospitality	50-99
City of Ketchum	Ketchum	Local government	50-99

Source: The Idaho Department of Labor.

Income

According to the 2020 Census County, 98.8% of City residents over the age of 25 have a high school degree or higher and 60.7% have a bachelor's degree or higher. The median family income was \$82,168 (\$67,521 nationally). The following table shows historic personal income and per capita income for Blaine County and the State of Idaho:

STATE OF BLAINE TOTAL AND PER INCOME

	2021	2020	2019	2018	2017
Per Capita Income:					
Blaine County	\$134,722	\$127,990	\$122,878	\$108,169	\$102,211
% change from prior year	5.3	4.2	.13.6	5.8	8.0
State of Idaho	52,369	49,491	56,250	53,786	51,550
% change from prior year	5.8	6.2	4.6	4.3	3.9
Total Personal Income:					
Blaine County (\$ in thousands)	\$3,336,537	\$3,113,613	\$2,926,472	2,535,922	\$2,352,072
% change from prior year	7.2	6.4	15.4	7.8	10.0
State of Idaho (\$ in millions)	99,550	91,448	83,032	74,435	71,888
% change from prior years	8.9	10.1	8.6	6.3	5.7

IDAHO AND COUNTY PERSONAL CAPITA

Source: Bureau of Economic Analysis.

BLAINE COUNTY LABOR FORCE AND EMPLOYMENT TRENDS (2019-2021)

	Annual Average		
	2019	2020	2021
Civilian Labor Force	132,365	131,390	132,437
Unemployed	3,247	7,365	3,637
Unemployment Rate	2.5%	5.6%	2.7%
<i>By Place of Work</i>	Annual Average		
	2019	2020	2021
All Industry Covered Jobs	176,304	170,790	175,696
Total Private	151,042	145,949	150,101
Goods producing (Including Gov.)	23,739	23,281	23,421
Service Producing (Including Gov.)	152,565	147,509	152,275
Private Service Producing	127,377	122,741	126,752
Natural Resources	235	306	370
Construction	9,235	9,766	10,100
Manufacturing	14,269	13,209	12,951
Trade, Transportation, and Utilities	33,512	32,688	33,874
Wholesale Trade	8,913	8,931	9,546
Retail Trade	17,879	17,040	17,318
Transportation and Warehouse	5,693	5,693	5,966
Utilities	1,027	1,024	1,024
Information	2,545	1,771	1,696
Financial Services	10,073	10,194	10,497
Professional and Business Services	30,598	30,973	31,030
Education and Health Services	39,379	38,578	40,416
Leisure and Hospitality	18,456	15,615	17,031
Other Services	5,358	4,867	5,100
Government, All	25,249	24,822	25,589
Federal	4,786	4,938	4,944
State	10,739	10,525	11,283
Local	9,724	9,359	9,362

Source: Idaho Department of Labor

CONSTRUCTION VALUE OF THE CITY

Year	New Dwelling Units	Total Permits	Construction Values			
			New Resid.	New Non-Resid.	Add, Alt & Repairs	Total Construction
2022	78	115	\$[]	\$[]	\$[]	\$112,059,391
2021	67	140	[]	[]	[]	93,721,161
2020	23	131	[]	[]	[]	76,845,792
2019	[]	128	34,662,565	3,800,000	18,223,558	56,686,123
2018	[]	108	9,090,137	20,262,879	17,079,008	46,432,024

Source: The City of Ketchum.

CERTAIN INVESTMENT CONSIDERATIONS

The Series 2023 Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the Series 2023 Bonds and confer with their own legal and financial advisors before considering a purchase of the Series 2023 Bonds. The following section describes certain risk factors affecting the payment of and security for the Series 2023 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the Series 2023 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following risk factors along with all other information described elsewhere or incorporated by reference in this Official Statement in evaluating the Series 2023 Bonds.

Federal and Local Regulations

Several factors affect the operation of the Facility. Federal, state, and local standards and procedures that regulate the operations and environmental impacts of sewer systems are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Facility will remain subject to the regulations currently in effect, will be in compliance with current or future regulations or will always be able to obtain all required operating permits. Compliance with applicable environmental standards could result in additional capital and operating expenditures and reduced operating and efficiency levels, as well as possible fines, penalties, or liabilities for noncompliance.

Operating Results

Several factors could impact the results of operations of the Facility in the future, including a decrease in the number of customers, changes in regional and local economic conditions, regulatory and permit requirements, changes in population, increased water conservation, increased operation and maintenance costs, and changes in general market conditions. There can be no assurance that the Facility will be able to maintain the current number of users if there are changes in the residential and/or commercial population of the Service Area.

Facility Expenses, Collections and Future Rates

The maintenance and operation expenditures related to the Facility are expected to increase in the next [REDACTED] years. *See* “THE FACILITY – Financial Reports– Projected Net Revenues and Debt Service Coverage.” However, there can be no assurance the City’s projected future Operation and Maintenance Expenses of the Facility will be as projected and described in this Official Statement. In addition, demands on the Facility are expected to increase due to population growth and regulatory requirements in the future. As described here, the City is in the process of implementing its CIP to provide a framework for meeting future water requirements. Increases in expenses could require a significant increase in rates or fees to pay for CIP projects, including those currently anticipated in the Project, and to pay the debt service on Parity Bonds.

Cybersecurity

Like other organizations, the City relies on electronic systems and technologies to conduct operations. Computer networks and data transmission and collection are vital to the safe and efficient operations of the City. The City considers information security to be of paramount importance. The City has implemented various internal procedures and standards to protect against such risks. The City utilizes the following at the firewall level to resist cybersecurity attacks: intrusion detection and prevention, antivirus and antimalware scanning and filtering, and Geo-IP filtering. Antivirus and patch management are implemented at the server and workstation level. Network segmentation is implemented at the switch level. Multifactor authentication is implemented for all City email accounts.

The City maintains cyber liability and has implemented policy measures to help offset any financial risks that may result from a cybersecurity breach. As with all risks to which the City is exposed, loss or breach can result in legal and/or regulatory claims. The City’s comprehensive insurance policies are in place to protect the City in those circumstances.

Natural and Economic Forces

The City, like all communities, may be subject to unpredictable natural or man-made disasters, such as seasonal storms, excessive/high winds, flood, fire, toxic dumping or acts of terrorism, any of which could adversely affect the City including the Facility and the collection and receipt of Net Revenues. In the event of such calamities, there may be significant damage to both property and infrastructure, including to the Facility. As a result, a substantial portion of the property owners may be unable or unwilling to pay for service.

International Economic and Political Conditions

With the globalization of business and the increased importance of international trade and tourism, growth in the U.S. economy has become more closely tied to worldwide economic, political, and social conditions. As a result, international economics, trade balances, currency exchange rates, political relationships, and hostilities are now important influences.

Secondary Market

No assurance can be given concerning the existence of any secondary market for the Series 2023 Bonds or its creation or maintenance by the Underwriter. Thus, purchasers of Series 2023 Bonds should be prepared, if necessary, to hold their Series 2023 Bonds until their respective maturity dates.

Forward Looking Statements

This Official Statement contains statements relating to future results that are “forward-looking statements.” When used in this Official Statement, the words “estimate,” “anticipate,” “intend,” “expect,” “projection,” and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those contemplated in such forward-looking statements.

LEGISLATIVE REFERRALS

Legislative referrals are proposed laws that originate from the Legislature to be voted on by the people. In Idaho, both houses of the Legislature must vote, and referrals must pass by two-thirds of each house member to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. According to the Elections Division of the Idaho Secretary of State, there are no currently proposed Legislative referrals.

THE INITIATIVE PROCESS

Article I, Section 3 of the Idaho Constitution states the people of the State have reserved the power of initiative and referendum, pursuant to which measures to enact or repeal laws can be placed on the statewide general election ballot in even-numbered years for consideration by the voters. The initiative and referendum powers relate only to laws; the Idaho Supreme Court has ruled the Idaho Constitution cannot be amended by initiative or referendum.

In 1997, the Idaho Legislature enacted significant procedural pre-requisites including signature distribution requirements, to qualify an initiative or referendum measure for submittal to the electors. Any person may file a proposed measure with the signatures of 20 qualified electors of the State with 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 to the petitioner before issuing a certificate of review to the Secretary of State. The petitioner then, within 15 working days, files the measure with the Secretary of State for assignment of a ballot title and submittal to the Attorney General. The Attorney General, within 10 working days thereafter, must provide a ballot title for the measure. 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 form of the petition approved by the Secretary of State, the proponents of the measure will print the petition and, during an 18-month circulation period or until April 30 in an election year, whichever occurs first, may start gathering the petition signatures necessary to place the proposed measure on the ballot.

Prior to 2021, to be placed on a general election ballot, the initiative proponents were to submit, not less than four months prior to the election, to the Secretary of State petitions signed by a number of qualified voters equal to at least 6% of the qualified electors in a majority of the State’s 35 legislative districts, and the total number of signatures must be 6% of the total registered voters of the State, which is approximately 62,000 qualified voters. The 2021 Legislature adopted legislation changing this requirement to provide that petitions must be signed by a number of qualified voters equal to at least 6% of the qualified electors in all and each of the State’s 35 legislative districts. On August 23, 2021, the Idaho Supreme Court struck down that legislation as violative of the Idaho Constitution’s provisions for initiatives and referenda. The effect of the Idaho Supreme Court’s action is State law reverts to requiring signatures of 6% of the qualified electors

in 18 of the States' 35 legislative districts, and 6% of the total registered voters of the State. Proponents of measures are permitted to compensate persons obtaining signatures for the petition, but in such instances the petition must contain a notice of such payment to the elector whose signature is being sought.

Historical Initiative Petitions

According to the Elections Division of the Idaho Secretary of State, there were five initiative petitions and three referendums that qualified for the ballot between 2006 and 2023.

TAX MATTERS

The Series 2023 Bonds

In the opinion of Skinner Fawcett LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions and assuming, among other matters, the accuracy of certain representation and compliance with certain covenants, interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of Idaho personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2023 Bonds is not a specific preference item for purposes of the federal alternative minimum tax on individuals; however, interest on the Series 2023 Bonds is taken into account in determining annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Series 2023 Bonds. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix C hereof.

To the extent the issue price of any maturity of the Series 2023 Bonds is less than the amount to be paid at maturity of such Series 2023 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2023 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Series 2023 Bonds that is excluded from gross income for federal income tax purposes under Section 103 of the Code and State of Idaho personal income taxes. For this purpose, the issue price of a maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity of the Series 2023 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 2023 Bonds accrues daily over the term to maturity of such Series 2023 Bonds based on 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 2023 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment at maturity) of such Series 2023 Bonds. Owners of the Series 2023 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023 Bonds with original issue discount, including the treatment of purchasers who do not purchase such Series 2023 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2023 Bonds is sold to the public, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series 2023 Bonds under the federal alternative minimum tax.

Series 2023 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond and the amount of tax-exempt interest received by the purchaser will be reduced by the amount of amortizable premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable 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 2023 Bonds. The Issuer and the Borrower have made representations related to certain of these requirements and have covenanted to comply with certain restrictions

designed to assure that interest on the Series 2023 Bonds will not be included in federal gross income. Inaccuracy of the representations or failure to comply with the covenants may result in interest on the Series 2023 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2023 Bonds. The opinion of Bond Counsel assumes the accuracy of the representations and compliance with the covenants. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Series 2023 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2023 Bonds.

Although Bond Counsel is of the opinion that interest on the Series 2023 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 2023 Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Series 2023 Bonds or such 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 by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Series 2023 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for or marketability of the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based upon current legal authority and represents Bond Counsel's judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "IRS") or the courts. Further, Bond Counsel cannot give any opinion or assurance as to the future activities of the Issuer or the Borrower. The Issuer and the Borrower have, however, covenanted to comply with the requirements of the Code.

The IRS has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is includable in the gross income of the owners thereof for federal income tax purposes. Bond Counsel is not obligated to defend the owners, the Issuer, or the Borrower regarding the tax status of the Series 2023 Bonds in the event of such an examination. Under current procedures, parties other than the Issuer and the Borrower and their appointed counsel, such as the owners of the Series 2023 Bonds, would have little, if any right, to participate in the examination process. Moreover, because obtaining judicial review in connection with an examination is difficult, obtaining an independent review of IRS position with which the Issuer and the Borrower legitimately disagree may not be practicable. The selection of the Series 2023 Bonds by the IRS for an examination or an audit of bonds presenting similar tax issues may affect the market price for or the marketability of the Series 2023 Bonds and may cause the Issuer, the Borrower, or the holders of the Series 2023 Bonds to incur significant expense.

State Tax Matters

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2023 Bonds is exempt from all taxation and assessments in the State. Purchasers of the Series 2023 Bonds should consult with their tax advisors with respect to the State and local tax consequences of owning the Series 2023 Bonds.

THE BOND REGISTRAR

The City has appointed Zions Bancorporation, National Association, a national banking association organized under the laws of the United States, to serve as Bond Registrar and Paying Agent (the "Bond Register") for the Series 2023 Bonds. The Bond Registrar is to carry out those duties assignable to it under the Series Ordinance. The Bond Registrar 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.

Furthermore, the Bond Registrar has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Series 2023 Bonds authenticated or delivered pursuant to the Series 2023 Ordinance or for the use or application of the proceeds of such Series 2023 Bonds by the City. The Bond Registrar has not evaluated the risks, benefits, or propriety of any investment in the Series 2023 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 2023 Bonds, or the investment quality of the Series 2023 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

LEGAL MATTERS

Opinions of Bond Counsel

Legal matters incident to the authorization, issuance, and sale of the Series 2023 Bonds by the City are subject to the approving legal opinion of Bond Counsel, substantially in the form attached hereto as “Appendix C—Form of Bond Counsel Opinion.” Bond Counsel has reviewed this document only to confirm that the portions of it describing the Series 2023 Bonds and the authority to issue the Series 2023 Bonds, the security for the Series 2023 Bonds and tax matters relative to the Series 2023 Bonds present a fair summary of such matters.

Litigation

To the best of the City’s knowledge there is no litigation pending questioning the validity of the Series 2023 Bonds or the power and authority of the City to issue the Series 2023 Bonds. To the best of the City’s knowledge there is no litigation pending which would materially affect the Revenue of the System or affect the City’s ability to meet debt service requirements on the Series 2023 Bonds.

Laws Relating to Municipal Reorganization

Idaho Code Section 67-3903 permits cities, as taxing districts of the State of Idaho, to file a petition for federal bankruptcy relief, in accordance with Title IX of the United States Bankruptcy Code (the “Bankruptcy Code”). Prior to filing such a petition, the taxing district is required to adopt a Bond Ordinance authorizing the filing. The statute authorizes the taxing district to take any of the following actions to consummate a plan of readjustment pursuant to its bankruptcy proceedings, including cancellation and remission of moneys payable under bonds, warrants or other obligations issued by the City; issuance of refunding bonds on certain conditions, adoption of necessary ordinances, assessment, levy and collection of taxes to enforce collections necessary pursuant to the plan of readjustment, cancellation and reduction of taxes or special assessments for bonds refunded under the plan as a result of reduction in debt service accomplished by such refunding and to take any other actions necessary for accomplishment of the plan. Prior to refunding bonds or levying any taxes or special assessments, the taxing district is required to provide notice and hold a hearing prior to the adoption of the plan for readjustment requiring such actions.

Enforcement of Remedies

The remedies available to the Beneficial Owners of the Series 2023 Bonds in the case of an event of default under the Bond Ordinance are subject to the exercise of judicial discretion under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code. The opinion of Bond Counsel to be delivered concurrently with delivery of the Series 2023 Bonds will be qualified as to enforceability of payment of the Series 2023 Bonds by limitations imposed by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, by equitable principles and other legal limitations.

CONTINUING DISCLOSURE

Continuing Disclosure Agreement

The City will enter into a Continuing Disclosure Agreement for the benefit of the beneficial owners of the Series 2023 Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. The proposed form of the Continuing Disclosure Agreement is set forth in “Appendix D—Form of Continuing Disclosure Agreement,” attached hereto.

Current Compliance

The City has materially complied with its continuing disclosure undertakings in the last five years. A failure by the City to comply with the Continuing Disclosure Agreement 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 2023 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2023 Bonds and their market price.

RATING

S&P Global Ratings (“S&P”) has assigned its rating of “[]” to the Series 2023 Bonds. Certain information was supplied by the City to such rating agency to be considered in evaluating the Series 2023 Bonds.

The foregoing ratings express only the views of the rating agency and are not recommendations to buy, sell or hold the Series 2023 Bonds. An explanation of the significance of the rating may be obtained from the rating agency furnishing the rating. There is no assurance such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2023 Bonds.

MUNICIPAL ADVISOR

The City has retained Zion Public Finance, Inc., Boise, Idaho, as municipal advisor (the “Municipal Advisor”) in connection with the preparation of the City’s financing plans and with respect to the authorization and issuance of the Series 2023 Bonds. The Municipal Advisor is not obligated to undertake and has not undertaken to make any independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. While under contract to the City the Municipal Advisor may not participate in the underwriting of any City debt.

UNDERWRITING

The Series 2023 Bonds are being purchased by Piper Sandler & Co. (the “Underwriter”) at an aggregate price of \$xx,xxx,xxx, which represents the principal amount of the Series 2023 Bonds plus a premium of \$[] and less an underwriter's discount of \$[]. After the initial public offering, the public offering prices may vary from time to time.

The Bond Purchase Contract provides that the Underwriter will purchase all the Series 2023 Bonds if any are purchased, and the obligation of the Underwriter to accept and pay for the Series 2023 Bonds is subject to certain terms and conditions set forth therein, including the approval by counsel of certain legal matters. After the initial public offering, the public offering prices may vary from time to time.

[The Underwriter of the Series 2023 Bonds has entered into a distribution agreement with its affiliate 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 Series 2023 Bonds. Under the Agreement, the Underwriter will share with Charles Schwab & Co., Inc., a portion of the fee or commission paid to the Underwriter. As part of this arrangement, the Underwriter may distribute securities to Charles Schwab & Co., Inc., which may in turn distribute such securities to investors through the financial advisor network of Charles Schwab & Co., Inc. As part of this arrangement, the Underwriter may compensate Charles Schwab & Co., Inc., as a dealer for their selling efforts with respect to the Series 2023 Bonds.]

OTHER BOND INFORMATION

All estimates, assumptions, statistical information, and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the City. 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 information contained herein should not be construed as representing all conditions affecting the City or the Series 2023 Bonds. Additional information may be obtained from the City. The statements relating to the Bond Ordinance are in summarized form, and in all respects are subject to and qualified in their entirety by express reference to the provisions of such document in its complete form.

The agreements of the City are set forth in such documents, and the information assembled herein to be construed as a contract with Owners of the Series 2023 Bonds. Information with respect to the City set forth in this Official Statement has been supplied by the City, and the Underwriter has relied on the City with respect to the accuracy and sufficiency of such information.

At the time of delivery of the Series 2023 Bonds, one or more officials of the City will furnish a certificate stating that to the best of his or her knowledge, this Official Statement, as of its date and as of the date of delivery of the Series 2023 Bonds does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein, in light of the circumstances under which they were made, misleading.

Statements in this Official Statement, including matters of opinion, whether or not expressly so stated, are intended as such and not as representation of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers of the Series 2023 Bonds. The preparation and distribution of this Official Statement has been authorized by the City.

THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO

By: _____
Jade Riley, City Administrator

Appendix A

Audited Financial Statements

Appendix B

Master Ordinance and Series 2023 Ordinance

Appendix C

Form of Opinion of Bond Counsel

Appendix D

Form of Continuing Disclosure Agreement

Appendix E

Book-Entry Only System

THE DEPOSITORY TRUST COMPANY

SAMPLE OFFERING DOCUMENT LANGUAGE

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities 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 Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest 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 agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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 transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of 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 Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated AA+ by Standard & Poor’s. 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.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ 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 through which the Beneficial Owner entered

into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

5. 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 arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to The City 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will 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 City or 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[nor its nominee], Agent, or The City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of The City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct

Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to The City or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that The City believes to be reliable, but The City takes no responsibility for the accuracy thereof.

CITY OF KETCHUM

ORDINANCE NO. 1247

BY THE COUNCIL:

BREEN, DAVID, HAMILTON,
AND SLANETZ

MASTER ORDINANCE

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, STATE OF IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF WASTEWATER REVENUE BONDS IN ONE OR MORE SERIES TO PROVIDE FUNDS NECESSARY TO FINANCE OR REFINANCE IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM; FIXING THE FORM, COVENANTS AND CERTAIN TERMS OF THE BONDS TO BE ISSUED; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF BONDS; PLEDGING NET REVENUES FOR PAYMENT OF DEBT SERVICE ON BONDS ISSUED HEREUNDER; PROVIDING FOR CERTAIN FEDERAL TAX COVENANTS WITH RESPECT TO TAX-EXEMPT BONDS ISSUED HEREUNDER; PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO; ORDERING PUBLICATION; APPROVING A SUMMARY OF THE ORDINANCE; PROVIDING FOR WAIVER OF THE READING RULES AND PROVIDING AN EFFECTIVE DATE.

Approved: [____], 2023

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ORDINANCE NO. 1247

MASTER ORDINANCE

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, STATE OF IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF WASTEWATER REVENUE BONDS IN ONE OR MORE SERIES TO PROVIDE FUNDS NECESSARY TO FINANCE OR REFINANCE IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM; FIXING THE FORM, COVENANTS AND CERTAIN TERMS OF THE BONDS TO BE ISSUED; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF BONDS; PLEDGING NET REVENUES FOR PAYMENT OF DEBT SERVICE ON BONDS ISSUED HEREUNDER; PROVIDING FOR CERTAIN FEDERAL TAX COVENANTS WITH RESPECT TO TAX-EXEMPT BONDS ISSUED HEREUNDER; PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO; ORDERING PUBLICATION; APPROVING A SUMMARY OF THE ORDINANCE; PROVIDING FOR WAIVER OF THE READING RULES AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, AS FOLLOWS:

WHEREAS, the City of Ketchum, Blaine County, Idaho (the "City") is a body politic and corporate duly organized, operating and existing under and pursuant to the provisions of the Constitution and the laws of the State of Idaho; and

WHEREAS, the City Council (the "Council") of the City is authorized and empowered by the Revenue Bond Act, Idaho Code, Sections 50-1027 through 50-1042, inclusive, and the Municipal Bond Law of the State of Idaho, being Idaho Code, Title 57, Chapter 2 (collectively, the "Act"), to authorize, issue, sell and deliver revenue bonds to finance and/or refinance the acquisition and construction of improvements and additions to the wastewater or sewer system of the City (the "Wastewater System"); and

WHEREAS, pursuant to the Act, the City held a special municipal revenue bond election on November 8, 2022, at which a majority of the electors approved the City's proposition to issue up to \$14,000,000 for the purpose of financing the design and construction of certain improvements to the City's Wastewater System and to pay the costs of issuance thereof; and

WHEREAS, it is hereby found to be in the best interests of the City that the City adopt this ordinance (hereinafter, this "Master Ordinance") to provide the terms and provisions by which the City shall authorize the issuance and sale of revenue bonds pursuant to Series Ordinances hereunder up to the Bonding Authority (as defined herein) to finance and/or refinance improvements to the City's Wastewater System.

NOW, THEREFORE, THE MAYOR AND CITY COUNCIL OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, FURTHER ORDAIN as follows:

Section 1. Definitions. As used in this Master Ordinance, the following definitions shall apply unless a different meaning clearly appears from the context:

Acquisition or **Acquire** includes the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, or grant from the federal government, the State of Idaho, or any public body therein or any person, the condemnation, transfer, option to purchase, other contract, or other acquirement, or any combination thereof.

Adjusted Net Revenues means the Net Revenues, adjusted for purposes of Section 14(c)(2) as provided in Section 14(e).

Annual Debt Service means in any Fiscal Year the amount of principal and interest required to be paid in that Fiscal Year on all Outstanding Bonds, adjusted as follows:

- (1) Interest which is to be paid from proceeds of Bonds shall be subtracted;
- (2) Bonds which are subject to scheduled, noncontingent redemption/prepayment or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory redemption/prepayment or tender, and only the amount scheduled to be Outstanding on the final maturity date shall be treated as maturing on that date;
- (3) Interest subsidies shall be subtracted from the interest due on Interest Subsidy Bonds as provided in Section 15;
- (4) Bonds which are subject to contingent redemption/prepayment or tender shall be treated as maturing on their stated maturity dates; and
- (5) Each Balloon Payment shall be assumed to be paid according to its Balloon Debt Service Requirement.

Balloon Debt Service Requirement means the Committed Debt Service Requirement for a Balloon Payment or, if the City has not entered into a firm commitment to sell Bonds or other obligations to refund that Balloon Payment, the Estimated Debt Service Requirement for that Balloon Payment.

Balloon Payment means any principal payment for a Series of Bonds which comprises more than twenty-five percent of the original principal amount of that series, but only if that principal payment is designated as a Balloon Payment in the closing documents for the Series.

Base Period means the alternative selected by the City from the following two options: (a) any twelve consecutive months selected by the City or Qualified Consultant out of the most recent eighteen months preceding the delivery of a Series of Parity Bonds; or (b) the most recently completed Fiscal Year for which audited financial statements are available.

Beneficial Owner means any person that 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).

Bonding Authority means the authority to issue revenue bonds or other obligations hereunder in the aggregate par amount of up to \$14,000,000, as authorized by the November 8, 2022, bond election, plus such additional authority to issue revenue bonds in excess of \$14,000,000, as authorized by (i) subsequent bond elections and/or (ii) judicial confirmation under Idaho Code, Title 7, Chapter 13; and pursuant to the Act.

Bond Fund means the “City of Ketchum Wastewater Revenue Bond Fund,” which includes a Debt Service Account, and subaccounts thereunder, for the purpose of paying the principal of and interest due on Bonds, as applicable.

Bond Register means the registration records maintained by a Bond Registrar setting forth the names and addresses of Registered Owners of a Series of Bonds, in compliance with Section 149 of the Code.

Bond Registrar means the person or qualified entity appointed by the City pursuant to Section 3 hereof and a Series Ordinance for the purposes of registering and authenticating Bonds, maintaining the related Bond Register, effecting transfer of ownership of the Bonds, and paying interest on and principal of the Bonds.

Bond or **Bonds** means the Initial Bonds and Parity Bonds of the City authorized and issued under this Master Ordinance and any Series Ordinance; provided, however, “Bond” or “Bonds” shall not include Subordinate Obligations.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be shorter periods. If no day is selected by the City before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years shall end on each anniversary of the date of issue and on the final maturity date of the Bonds.

City means the City of Ketchum, Blaine County, Idaho, a body politic and corporate duly organized and existing under and by virtue of the Constitution and laws of the State of Idaho.

City Administrator means the City Administrator of the City or their successor in function, if any.

City Clerk or **Clerk** means the ex officio City Clerk of the City, or other officer of the City who is the custodian of the records of the proceedings of the City, or their successor in function, if any.

City Treasurer means the Treasurer of the City, or their successor in function, if any.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable regulations and revenue rulings issued with respect thereto by the Treasury Department or the Internal Revenue Service of the United States.

Committed Debt Service Requirement means the schedule of principal and interest payments for a Series of Refunding Bonds or other obligations which refund a Balloon Payment, as shown in the Series Ordinance and/or other documents evidencing the City’s firm commitment

to sell that Series. A “firm commitment to sell” means a bond purchase agreement or similar document which obligates the City to sell, and obligates a purchaser to purchase, the Series of Refunding Bonds or other obligations, subject only to the conditions which customarily are included in such documents.

Continuing Disclosure Agreement shall mean, with respect to each issue of Bonds authorized hereunder and subject to Rule 15c2-12, the form of continuing disclosure undertaking by the Issuer dated the date of issuance and delivery of the respective Bonds, as originally executed and as may be amended from time to time in accordance with the terms hereof, if required by Rule 15c2-12.

Cost of Acquisition and Construction or any phrase of similar import, shall mean all or any part designated by the City of the costs of a Project, or interest therein, which costs, at the option of the City, may include all or any part of the incidental costs pertaining to the acquisition of the Project, including, without limitations:

(1) Preliminary expenses advanced by the City from funds available for the use therefor, or advanced by the federal government, or from any other source, with approval of the City, or any combination thereof;

(2) The costs of making surveys, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(3) The costs of appraising, printing, estimates, advice, services of engineers, architects, financial consultants, attorneys at law, clerical help, or other agents of employees;

(4) The costs of contingencies;

(5) The costs of any discount on Bonds and of any of the costs of issuance of Bonds payable from original issue premium;

(6) The costs of funding and short-term financing, revenue warrants, bond anticipation notes, or other temporary loans appertaining to the Project, and of the incidental expenses incurred in connection with such loans;

(7) The acquisition and construction costs of any properties, rights, easements, or other interest in properties, or any licenses, privileges, agreements and franchises; and

(8) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the City.

Council means the City Council of the City, as the same shall be duly and regularly constituted from time to time.

Debt Service Account means an account or subaccounts of that name in the Bond Fund out of which the principal of and interest on any Bonds shall be paid.

Designated Representative means the Mayor, the City Administrator or any City employee designated by them.

DTC means The Depository Trust Company of New York, as depository for the Bonds, or any successor or substitute depository for the Bonds.

Engineer means an independent licensed professional engineer (or firm of licensed professional engineers) selected by the City and experienced and skilled in the design, construction and operation of wastewater or sewer systems of comparable size and character to the Wastewater System.

Estimated Debt Service Requirement means the schedule of principal and interest payments for a hypothetical Series of Refunding Bonds that refunds a Balloon Payment, that is prepared by City Administrator, City Treasurer, or their designee, and that meets the requirements of Section 16.

Fiscal Year means the year commencing October 1 and ending the following September 30, unless changed by the City.

Fitch means Fitch Ratings, Inc., its successors, and assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Moody's) designated by the City.

Initial Bonds means the first series of revenue bonds or other obligations issued by the City under this Master Ordinance and a Series Ordinance.

Interest Subsidy Bonds means Bonds for which the City is eligible to receive federal interest rate subsidies that are similar to the interest subsidies that were available for Build America Bonds.

Letter of Representations means the Blanket Issuer Letter of Representations from the City to DTC authorized under Section 3 of this Master Ordinance to be executed and filed with DTC.

Master Ordinance means this Ordinance No. 1247 adopted by the Council on [____], 2023.

Maximum Annual Debt Service means, at the time of calculation, the maximum amount of Annual Debt Service that will be payable in the current Fiscal Year or any future Fiscal Year on all Bonds.

Mayor means the Mayor of the City, or any presiding officer or titular head of the City, or their successor in functions, if any.

Moody's means Moody's Investors Service, Inc., its successors, and assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P and Fitch) designated by the City.

Net Revenue(s) means, for any period, the Revenue of the Wastewater System after the deduction of Operation and Maintenance Expenses.

Operation and Maintenance Expenses means all costs incurred by the City and properly treated as expenses of operating, maintaining, and repairing the Wastewater System under generally accepted accounting principles, whether paid or accrued, or of levying, collecting and otherwise administering the Revenue of the Wastewater System for the payment of the Bonds, but shall not include any payment for debt service or deposits into a Reserve Account, depreciation or taxes levied or imposed by the City of payments to the City in lieu of taxes, or capital additions or capital replacements to the Wastewater System, and the term includes (except as limited by contract or otherwise limited by law) without limiting the generality of the foregoing:

- (1) Engineering, auditing, reporting, legal and other overhead expenses of the various City departments directly relating and reasonably allocable to the administration of the Wastewater System;
- (2) Fidelity bond and property and liability insurance premiums appertaining to the Wastewater System, or a reasonably allocable share of a premium of any blanket bond or policy pertaining thereto;
- (3) Payments to pension, retirement, health, and hospitalization funds and other insurance related to the operation of the Wastewater System;
- (4) Any taxes, assessments, excise taxes or other charges which may be lawfully imposed on the City, the Wastewater System, revenues therefrom, or any privilege in connection with their operation;
- (5) The reasonable charges of the fiscal or paying agent, Bond Registrar, commercial bank, trust bank or other depository bank appertaining to Bonds or appertaining to a Project, if any;
- (6) Contractual services, professional services, salaries, other administrative expenses, the cost of materials, supplies, repairs and labor, appertaining to the issuance of Bonds and to the Wastewater System; and
- (7) All other administrative, general and commercial expenses.

However, Operation and Maintenance Expenses do not include:

- (1) Any rebates or penalties paid from Revenues under Section 148 of the Code;
- (2) Payments of judgments or fines against the City and payments for the settlement of litigation;
- (3) Depreciation and amortization of property values or losses, and other non-cash expenses, including non-cash expenses related to pensions and postemployment benefits;

(4) All amounts eligible to be treated for accounting purposes as payments for capital expenditures;

(5) Interest and other debt service payments, paying agent fees, broker-dealer fees and similar charges for the maintenance of borrowings;

(6) The expenses of owning, operating or maintaining any Separate Utility System;

(7) Expenditures made from any liability insurance proceeds;

(8) Expenditures made from any casualty insurance proceeds used to pay for costs of repairing or replacing portions of the Wastewater System;

(9) Expenditures made from grant funds, regardless of whether such grant funds are dedicated to a specific purpose or available for the general operation, maintenance and repair or replacement of the Wastewater System;

(10) Extraordinary, non-recurring expenses of the Wastewater System; or

(11) Expenditures allocable to any other funding source which does not constitute Revenues of the Wastewater System.

Ordinance means this Master Ordinance and, when applicable, this Master Ordinance and any Series Ordinance.

Outstanding, when used with reference to a Bond or Bonds, as of any particular date, means all Bonds which have been issued, executed, authenticated and delivered by the City, except (i) Bonds cancelled because of payment or redemption prior to their stated dates of maturity, and (ii) any Bond (or portion thereof) for the payment or redemption of which there has been separately set aside and held funds for the payment thereof, and when used in reference to a Bond or Bonds issued as zero coupon or capital appreciation bonds, the assumed par amount outstanding of such Bond or Bonds shall be its purchase price, plus the accrued interest earned by the Owner of such Bond or Bonds as of the date of calculation.

Owner means a registered owner of a Bond.

Parity Bonds means the Initial Bonds and any obligation that is secured by the Net Revenues on an equal basis with the Initial Bonds and issued in accordance with Section 14.

Permitted Investments means such investments as shall be legal investment for funds under Idaho Code, Section 50-1013, or comparable statute as then in effect.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company, or corporation.

Project means the undertaking or undertakings of acquiring and constructing improvements to the Wastewater System.

Project Fund means any fund created pursuant to Section 8 hereunder or under any Series Ordinance and any subaccount thereunder into which shall be deposited proceeds of Bonds to finance a Project and costs of issuance thereof.

Qualified Consultant means an independent engineer, an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the area for which such person or firm is retained by the City for purposes of performing activities specified in this Master Ordinance or any Series Ordinance.

Qualified Insurance means any municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by each Rating Agency rating such Series of Bonds.

Qualified Letter of Credit means any letter of credit issued by a financial institution for the account of the City, which institution maintains an office, agency, or branch in the United States and as of the time of issuance of such letter of credit is rated in one of the two highest rating categories by each Rating Agency rating such Series of Bonds.

Rate Covenant means Net Revenues in each Fiscal Year at least equal to 125% of the Annual Debt Service.

Rating Agency means Moody's, S&P or Fitch.

Rebate Fund means the fund so designated by the Council into which all excess earnings on funds and accounts held by the City hereunder to the extent required by any Tax Certificate of the City shall be deposited.

Record Date, unless otherwise provided in a Series Ordinance, mean (a) in the case of each interest payment date, the close of business on the fifteenth day preceding the interest payment date; and, if not a business day of the Bond Registrar, the next preceding day that is a Business Day of the Bond Registrar, and (b) in the case of redemption, if applicable, such record date as shall be specified by the Bond Registrar in the notice of redemption, provided that such record date shall be not less than fifteen (15) calendar days before the mailing of such notice of redemption.

Refunding Bonds means Bonds issued hereunder to refund prior revenue bonds of the City on parity with the Parity Bonds used to finance and/or refinance improvements to the Wastewater System.

Registered Owner or ***Registered Owners*** mean the person or persons whose names and addresses shall appear on the Bond Register maintained by the Bond Registrar in accordance with the terms of this Master Ordinance and a Series Ordinance, as the owner or owners of a specific Bond or Bonds. For so long as any Bonds are held in book-entry form, DTC shall be deemed to be the sole Registered Owner.

Reserve Account means the Debt Service Reserve Account in the Bond Fund, including any and all subaccounts thereunder created upon issuance of Bonds under and as required by Series Ordinance.

Reserve Account Requirement means the required amount, if any, to be deposited by the City into a Reserve Account upon issuance of Bonds pursuant to the respective Series Ordinance.

Revenue Fund means the fund designated the “City of Ketchum Wastewater Revenue Fund,” into which all the Net Revenues of the Wastewater System is pledged to be deposited.

Revenue of the Wastewater System or ***Revenue(s)*** means all earnings, revenue and moneys received by the City from or on account of the operation of the Wastewater System under generally accepted accounting principles, including income from investments of money in the Bond Fund or from any other investment thereof, except the income from investments irrevocably pledged to the payment of any other revenue obligations of the City pursuant to a plan of retirement or refunding. Revenues shall be increased by any withdrawals from the Stabilization Account as provided in Section 6(c)(2) of this Master Ordinance and shall be reduced by any deposits to the Stabilization Account as provided in Section 6(c)(1) of this Master Ordinance. However, the term “Revenue of the Wastewater System” or “Revenue” shall not include:

- (1) The interest income or other earnings derived from the investment of any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City;
- (2) Any gifts, grants, donations or other amounts received by the City from any State or Federal Agency or other person (i) if such amounts are restricted by law or the grantor to uses inconsistent with the payment of Bonds or (ii) if such amounts are reimbursements of Operation and Maintenance Expenses;
- (3) The proceeds of any borrowing;
- (4) The proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues);
- (5) The proceeds of any casualty insurance which the City intends to utilize for repair or replacement of the Wastewater System;
- (6) The proceeds derived from the sales of assets subject to the covenants in Section 12(i) of this Master Ordinance;
- (7) Any income, fees, charges, receipts, profits or other amounts derived by the City from its ownership or operation of any Separate Utility System;
- (8) Installment payments of City line and branch charges, connection fees, or local improvement district assessments that have been pledged as security for a borrowing other than a Bond; or

(9) Any federal interest subsidies the City receives for Interest Subsidy Bonds.

Rule 15c2-12 means Rule 15c2-12, as amended, promulgated by the SEC under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

S&P means S&P Global Ratings, a business unit of Standard & Poor's Financial Services, LLC, its successors, and assigns, and, if such organization shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's and Fitch) designated by the City.

SEC means the Securities and Exchange Commission.

Separate Utility System means any water supply, sewage collection or treatment, stormwater or other utility service or facilities that may be created, acquired, or constructed by the City as provided in Section 11.

Series refers to all Bonds authorized by a single Series Ordinance and delivered in exchange for payment on the same date, regardless of variations in maturity, interest rate or other provisions, unless the closing documents for the Series provide otherwise.

Series Ordinance means any ordinance adopted by the City supplementing this Master Ordinance to authorize the issuance of Bonds under this Master Ordinance.

Stabilization Account means the Stabilization Account established in the Revenue Fund pursuant to Section 6(c).

Subordinate Obligations means obligations having a lien on the Net Revenues which is subordinate to the lien of the Bonds. On the date of this Master Ordinance, the City has no borrowings outstanding with a subordinate lien on the Net Revenues.

Wastewater System means the wastewater or sewer system of the City, including the assets, real and personal, tangible and intangible, and as it may later be added to, extended and improved, and shall include buildings, structures, utilities or other income producing property from the operation of or in connection with which revenues for the payment of the Bonds will be derived, and the lands appertaining thereto, including, without limitation, any Project(s) to be acquired with the proceeds of Bonds issued hereunder.

Tax Certificate means any agreement or certificate of the City which the City may execute in order to establish and assure the tax-exempt status of interest received on Bonds.

Tax-Exempt Bonds means any Bonds, the interest on which, in the opinion of Bond Counsel delivered at the time of issuance thereof pursuant to a Series Ordinance, is excludable from gross income of the owners of such Bonds for federal income tax purposes.

Tax Maximum means, for any Series of Bonds for purposes of Section 15(c) of this Master Ordinance, the least of: the greatest amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on such Series; 125% of average amount of principal, interest and

premium, if any, required to be paid on such Series during all Fiscal Years in which such Series will be Outstanding, calculated as of the date of issuance of such Series; or, ten percent of the proceeds of such Series, as “proceeds” is defined for purposes of Section 148(d) of the Code.

Rules of Interpretation. In this Master Ordinance, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this Master Ordinance, refer to this Master Ordinance as a whole and not to any particular article, section, or subdivision;

(b) Words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of any sections of this Master Ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Master Ordinance, nor shall they affect its meaning, construction or effect; and

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bonds; Delegation Authority. In accordance with and subject to the terms, condition and limitations of the Act or other statutes authorizing Bonds to be issued hereunder, the City is authorized to issue Bonds pursuant to the terms and provisions hereof as supplemented by the terms and provisions of Series Ordinance(s) to provide for the specific terms and provisions thereof, including, but not limited to, the designation of each series of Bonds, which designation may include the words “wastewater” or “sewer,” the dated date of original issuance and delivery thereof, the registration provisions thereof, the denominations, maturity, payment and redemption provisions thereof, and requirements, if any, for a Reserve Account to pay debt service on the Bonds. In addition, pursuant to Idaho Code, Section 57-235, or comparable statute as then in effect, in the Series Ordinance authorizing the issuance of Bonds, the City may delegate authority to the Mayor or the City Administrator to approve the final terms and provisions of the Bonds upon the sale thereof, without any requirement that the members of the Council meet to approve such determinations.

Bonds shall be special obligations only of the Bond Fund and shall be payable and secured as provided herein. The Bonds do not constitute an indebtedness or general obligation of the City within the meaning of the constitutional provisions and limitations of the State of Idaho.

Section 3. Registration. Upon issuance of Bonds hereunder, if required by a Series Ordinance, the City will appoint a registrar, authenticating agent, paying agent and transfer agent (collectively, the “Bond Registrar”) for such Series of Bonds and the City will provide for the registration of such Series of Bonds pursuant to the Series Ordinance.

Section 4. Redemption and Purchase. The respective redemption and purchase provisions for a Series of Bonds shall be set forth in the Series Ordinance for such Series of Bonds.

Section 5. Establishment of Accounts and Funds. The following accounts and funds on the accounting records of the City are hereby ratified, if previously created, or created with respect to the Bonds issued hereunder:

- (a) Bond Fund, held by the City, consisting of the Debt Service Account and any and all Reserve Accounts established by a Series Ordinance;
- (b) Revenue Fund, held by the City and therein a Stabilization Account;
- (c) Project Fund and subaccounts therein established by a Series Ordinance; and
- (d) Rebate Fund, held by the City.

Section 6. Revenue Fund; Priority of Application of Revenue; Stabilization Account.

(a) *Revenue Fund.* The City shall maintain the “City of Ketchum Wastewater Revenue Fund” (the “Revenue Fund”) as a separate enterprise fund of the City. All Revenue of the Wastewater System shall be deposited in the Revenue Fund. Notwithstanding the foregoing, the City may maintain such separate funds and accounts in such names and under such additional designations as shall be required to comply with standard accounting practices.

(b) *Priority of Application of Revenue of the Wastewater System.* The Revenue Fund shall be held separate and apart from all other funds and accounts of the City, and the Revenue of the Wastewater System deposited in such Revenue Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Operation and Maintenance Expenses of the Wastewater System;

Second, to pay the interest on any Bonds;

Third, to pay the principal of any Bonds;

Fourth, to make all payments required to be made into any Reserve Account created to secure payment of debt service on any series of Bonds;

Fifth, to make all payments, together with other available funds, on the day on which any rebates or penalties for Bonds are due to be paid to the United States pursuant to Section 148 of the Code;

Sixth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service fund or reserve account created to pay and secure the payment of the principal of and interest on government loans and any other revenue bonds or revenue warrants of the City having a lien upon the Net Revenues of the Wastewater

System junior and inferior to the lien thereon for the payment of the principal of and interest on the Bonds; and

Seventh, to retire by redemption or purchase any outstanding Bonds or subordinate revenue warrants or subordinate bonds of the City payable out of the Net Revenues of the Wastewater System, to make necessary additions, betterments, improvements, and repairs to or extensions and replacements of the Wastewater System, or for any other lawful City purposes.

The City may transfer any money from any funds or accounts of the Wastewater System legally available therefor, except bond redemption funds, refunding escrow funds or defeasance funds, to meet the required payments to be made into the Bond Fund.

(c) *Stabilization Account.* The City shall create a Stabilization Account in the Revenue Fund and will maintain that account as long as Bonds are Outstanding. Net Revenues may be transferred to the Stabilization Account at the option of the City on any date. Money in the Stabilization Account may be withdrawn at any time and used for any purpose for which the Revenues may be used.

(1) Deposits to the Stabilization Account decrease Revenues in the Fiscal Year for which the deposit is made.

(2) Withdrawals from the Stabilization Account increase Revenues in the Fiscal Year for which the withdrawal is made.

(3) The City may adjust deposits to and withdrawals from the Stabilization Account for a Fiscal Year up until 180 days after the end of that Fiscal Year.

(4) Earnings on the Stabilization Account shall be credited to the Revenue Fund.

Section 7. Bond Fund. There is hereby created a fund known as the “City of Ketchum Wastewater Revenue Bond Fund” (the “Bond Fund”) solely for the purpose of paying the principal of, premium, if any, and interest on the Bonds. The Bond Fund shall consist of the following accounts: (1) Debt Service Account and (2) Debt Service Reserve Account, including any and all subaccounts thereunder.

Said accounts are more particularly described as follows:

(a) *Debt Service Account.* As long as any Bonds remain Outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the Debt Service Account those amounts necessary, together with such other funds as are on hand and available in the Debt Service Account, to pay the interest or principal and interest next coming due on the Bonds.

(b) *Reserve Account.* The City shall maintain a Debt Service Reserve Account, including any and all subaccounts established thereunder if required pursuant to a Series Ordinance (the “Reserve Account”) for the purpose of securing the payment of the principal of and interest on a Series of Bonds subject to a Reserve Account Requirement, as provided in the Series

Ordinance for such Bonds. The City will covenant and agree in the Series Ordinance(s) for Bonds, as applicable, to maintain at all times an amount in the Reserve Account, if applicable, equal to the Reserve Account Requirement, except for withdrawals authorized therefrom, for so long as such Bonds remain outstanding.

Alternatively, a Reserve Account Requirement for any issue of Bonds may be maintained, in whole or in part, by a Qualified Letter of Credit or Qualified Insurance, as provided in the respective Series Ordinance. The amount payable from the Qualified Insurance or the Qualified Letter of Credit shall be credited against the amounts otherwise required to be accumulated and maintained in a Reserve Account. In computing the amount on hand in the Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at cost.

The Series Ordinance for each series of Bonds will set out the terms and provisions for withdrawals from the Reserve Account, if required, in the event of insufficient amounts in the Debt Service Account to pay the principal of, premium if any, interest on, and mandatory sinking fund installments, as applicable, on any Bonds secured by such Reserve Account then Outstanding, and the provisions for any surplus in the Reserve Account, if applicable.

In the event there shall be a deficiency in the Debt Service Account to meet maturing installments of either principal, interest, or sinking fund installments on the Bonds payable out of such account, such deficiency shall be made up from the Reserve Account(s), as applicable, by the withdrawal of moneys therefrom. Any deficiency created in a Reserve Account by reason of any such withdrawal shall then be made up out of Revenue of the Wastewater System (after making necessary provision for the payments required to be made by subparagraphs First through Third of Section 6(b)) by paying into the applicable Reserve Account one-twelfth (1/12) of the deficiency on or before the 1st day of each of the next twelve (12) succeeding months so that there will have been paid into the applicable Reserve Account an amount which, with money already on deposit therein, will equal the Reserve Account Requirement, as applicable.

The value of money and obligations credited to any and all Reserve Accounts, as applicable, shall be determined by the City annually as of September 30. If the valuation shall be less than the amount required to be maintained therein, the deficiency (due to said valuation and not to a withdrawal) shall be made up from the Revenue Fund by paying into the applicable Reserve Account one-sixth (1/6) of the deficiency on or before the 1st day of each of the next six (6) succeeding months.

(c) *Sufficiency of Revenues.* The Council hereby states and certifies that in setting aside and providing for said payments into the various accounts within the Bond Fund of the amounts necessary for the payment of the principal, interest, and sinking fund installments on said Bonds, as applicable, the Council has taken into consideration and has due regard for Operation and Maintenance Expenses, and the Council will set aside into said accounts within the Bond Fund moneys sufficient and necessary to retire said Bonds (including principal, interest, and sinking fund installments), after paying all Operation and Maintenance Expenses.

(d) *Pledge of Net Revenue; Priority of Lien of Payments into Accounts within the Bond Fund.* The Net Revenues are hereby pledged to the payment of Bonds and declared to be a prior

lien and first charge thereon superior to all other charges of any kind or nature whatsoever pursuant to Idaho Code, Section 50-1039. The federal interest subsidies the City receives for Interest Subsidy Bonds are also hereby pledged to the payment of the Bonds and declared to be a prior lien and first charge thereon superior to all other charges of any kind or nature whatsoever pursuant to Idaho Code, Section 50-1039.

(e) *Application and Investment of Moneys in Accounts within the Bond Fund.* Moneys in the various accounts within the Bond Fund may be invested in Permitted Investments. Investments of funds in the accounts within the Bond Fund shall mature prior to the date on which such moneys shall be needed for required interest, principal, or sinking fund installments. Investments of funds in the Reserve Account shall be available to pay any deficiencies that may occur in any of the accounts within the Bond Fund. All interest earned and income derived by virtue of such investments shall remain in the Bond Fund and be used to meet the required deposits into any account therein. Subject to the other provisions of this subparagraph, moneys in the Debt Service Account and the Reserve Account, as applicable, may be combined for the purpose of purchasing investments, but the records of the City shall show to which account the respective portions of any such combined investment are credited.

Section 8. Project Fund. The City hereby creates a fund known as the “City of Ketchum Wastewater Revenue Project Fund” (the “Project Fund”) into which shall be deposited all of the proceeds of the sale of Bonds to be used for the payment of the Cost of Acquisition and Construction of a Project, including costs of issuance of Bonds. Any interest earnings on moneys invested from the Project Fund shall be deposited into said Project Fund. The City’s share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into said Project Fund to assure the completion of the Project.

When the construction of the Project has been completed and all costs related thereto have been paid in full, any balance remaining in the Project Fund will be deposited into the Bond Fund.

Section 9. Rebate Fund; Rebate Requirement. There is hereby established a Rebate Fund into which shall be deposited, from time to time, all excess earnings on funds and accounts held by the City hereunder to the extent required by any Tax Certificate of the City and said amounts shall be held in trust for the payment of arbitrage rebate in accordance with Section 148 of the Code and the Tax Certificate. All earnings on the Rebate Fund shall remain within said fund and shall be used for no other purpose unless the City provides the Bond Registrar with an opinion of nationally recognized bond counsel that another use will not cause interest on the respective Bonds to cease to qualify for exclusion from federal income taxation under the Code.

The Bond Registrar may rely conclusively upon and shall be fully protected from all liability in relying upon the Issuer’s determinations, calculations, certifications, and written directions required by this Section and the Bond Registrar shall have no responsibility to monitor and independently make any calculations or determination or to review the Issuer’s determinations, calculations, certifications, and written directions required by this Section.

Section 10. Authorization for Projects. The Council hereby authorizes and directs that upon determination that it is necessary to preserve the public health, safety and welfare that certain components of the City’s existing Wastewater System be repaired, replaced and/or

improved, that Project(s) may be financed by the issuance of the Bonds and/or Subordinate Obligations upon adoption of Series Ordinance(s) pursuant to and upon compliance with Section 14 hereunder.

Each such Series Ordinance authorizing the Bonds and/or Subordinate Obligations to finance a Project shall include:

- (1) the description of the Project to be acquired, constructed and installed;
- (2) that the City, its staff and agents shall undertake the Project in accordance with maps, plans and specifications prepared by the City's Engineer or consulting engineer engaged by the City, which shall be on file in the City Clerk's office, and which may be revised prior to or in the course of actual construction, provided such changes are found necessary and desirable by the Council and that such changes do not substantially affect or alter the plans or costs of the Project; and
- (3) the total estimated Cost of Acquisition and Construction of the Project to be financed by the Bonds and/or Subordinate Obligations.

Section 11. Separate Utility Systems. The City may declare property which the City owns and is part of the Wastewater System (but has a value of less than ten percent (10%) of the Wastewater System at the time of the declaration), and property which the City has not yet acquired but would otherwise become part of the Wastewater System, to be part of a Separate Utility System.

The City may pay costs of acquiring, operating, and maintaining a Separate Utility System from Net Revenues, but only if there is no deficit in the Debt Service Account or a Reserve Account within the Bond Fund. The City may issue obligations which are secured by the revenues produced by the Separate Utility System and may pledge the Separate Utility System revenues to pay those obligations. In addition, the City may issue Subordinate Obligations to pay for costs of a Separate Utility System and may pledge the revenues of the Separate Utility System to pay the Subordinate Obligations. Further, the City may pledge the revenues produced by a Separate Utility System to pay the Bonds issued under this Master Ordinance by filing a written certificate of the Mayor and the City Administrator declaring such pledge with the City and the Owner of the Bonds.

Neither the Revenue nor Net Revenue may be pledged to the payment of any obligations of a Separate Utility System except that the Net Revenue may be pledged on a basis subordinate to the lien on such revenue to the lien of the Bonds.

Section 12. Specific Covenants. For the protection and security of the Bonds, the City hereby covenants and agrees to and with the Registered Owners of Parity Bonds that the City will perform the following covenants:

- (a) *Rate Covenant.* The City has established, may from time-to-time revise, and shall maintain and shall collect from the users of the Wastewater System, rates and charges for furnishing the services and the facilities of the Wastewater System to such users thereof. The City shall establish, maintain, and collect such rates and charges for service of its Wastewater System for so long as any Bonds are Outstanding and shall maintain the Rate Covenant.

(b) *Acquire Projects.* The City shall commence the acquisition, construction and completion of any Project financed by proceeds of Bonds and continue the same with all practical dispatch and in a sound and economical manner.

(c) *Operate Wastewater System.* The City shall operate the Wastewater System in an efficient and economical manner and prescribe, revise, and collect such charges in connection therewith so that the services, facilities, and properties of the Wastewater System may be furnished at the lowest possible cost consistent with sound economy and prudent management.

(d) *Good Repair.* The City shall operate, maintain, preserve, and keep the Wastewater System and every part hereof in good repair, working order, and condition.

(e) *Preserve Security.* The City shall preserve and protect the security of the Bonds and the rights of the Registered Owners thereof.

(f) *Collect Revenues.* The City shall collect and hold in trust the Revenue of the Wastewater System and other funds pledged to the payment of the Bonds and apply such Revenue of the Wastewater System or other funds only as provided in this Master Ordinance and all Series Ordinances.

(g) *Service Bonds.* The City shall pay and cause to be paid punctually the principal of and interest on the Bonds on the date or dates, at the place or places, and in the manner that such sums are due in accordance with this Master Ordinance and all Series Ordinances.

(h) *Pay Claims.* The City shall pay and discharge any and all lawful claims for labor, materials, and supplies which, if unpaid, might by law become a lien or charge upon the Revenue of the Wastewater System, or any part of said Revenue of the Wastewater System, or any funds in the hands of the City Treasurer or City Administrator, prior or superior to the lien of the Bonds or which might impair the security of the Bonds to the end that the priority and security of the Bonds shall be fully preserved and protected.

(i) *Encumbrances, Sales, or Transfers of Wastewater System.* The City shall not encumber, sell, lease, or dispose of the Wastewater System or any part thereof, nor enter into any lease or agreement which would impair or impede the operation of the Wastewater System or any part thereof necessary to secure adequate Revenue for the payment of the principal of and interest on Bonds and for the City to meet the Rate Covenant, nor which would otherwise impair or impede the rights of the Registered Owners of Bonds with respect to such Revenue or the operation of the Wastewater System, except:

(1) The City may dispose of all or substantially all the Wastewater System, if the City pays all Outstanding Bonds or defeases all Outstanding Bonds pursuant to Section 19; or

(2) The City in its discretion may carry out a sale, transfer, or disposition (each, as used in this clause, a “transfer”) if the facilities or property transferred are not material to the operation of the Wastewater System, or shall have become unserviceable, inadequate, obsolete, or unfit to be used in the operation of the Wastewater System or are no longer necessary, material or useful to the operation of the Wastewater System; or

(3) The City in its discretion may carry out such a transfer if the aggregate depreciated cost value of the facilities or property being transferred in any one Fiscal Year comprises no more than ten percent (10%) of the total assets of the Wastewater System, so long as there has been filed with the City a certificate of the City Treasurer or City Administrator, or a Qualified Consultant stating that such disposition will not impair the ability of the City to comply with the Rate Covenant; or

(4) The City in its discretion may carry out such a transfer if the City receives from the transferee an amount equal to the greater of the following:

(A) An amount which will be in the same proportion to the net amount of Outstanding Bonds (less the amount of cash and investments in the Bond Fund and accounts therein) that the Revenue of the Wastewater System from the portion of the Wastewater System sold or disposed of for the preceding year bear to the total Revenue for that period; or

(B) An amount which will in the same proportion to the net amount of Outstanding Bonds (less the amount of cash and investments in the Bond Fund and accounts therein) that the Net Revenue from the portion of the Wastewater System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(C) An amount equal to the fair market value of the portion of the Wastewater System transferred. As used herein, "fair market value" means the most probable price that a property should bring in competitive and open market under all condition's requisite to a fair sale, the willing buyer and willing seller each acting prudently and knowledgably and assuming that the price is not affected by coercion or undue stimulus.

The proceeds of any transfer under this subparagraph (i) shall be used, first, to promptly redeem (or shall be irrevocably set aside for the redemption of) Outstanding Bonds, and, if any proceeds remain, second, to provide for part of the cost of additions to and betterments and extension of the Wastewater System.

(j) *Insurance.* The City shall self-insure or procure and keep in force insurance upon all buildings and structures of the Wastewater System and the machinery and equipment therein, which are usually insured by entities operating like property, in good and responsible insurance companies. The amount of the insurance shall be such as may be required to adequately protect the City and the Registered Owners of any Bonds from loss due to any casualty, and in the event of any such loss, the proceeds shall be used to repair or restore the Wastewater System or for the payment of Bonds.

(k) *Fidelity Bonds.* The City shall procure suitable fidelity bonds covering all its officers and other employees charged with the operation of the Wastewater System and the collection and disbursement of Revenue of the Wastewater System.

(l) *Engineers.* The City shall employ consulting engineers of acknowledged reputation, skill, and experience in the improvement and operation of the Wastewater System for

any unusual or extraordinary items of maintenance, repair, extensions, or betterments as shall be required from time to time. All reports, estimates, and recommendations of such consulting engineers shall be filed with the Clerk and furnished to the Registered Owners of any Bonds upon request.

(m) *Accounts.* The City shall keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Wastewater System, and it will furnish complete operating and income statements upon request.

(n) *Delinquencies.* The City shall not enter into any new agreements or arrangements or make any new offers to provide Wastewater System products or services at a discount from published rate schedules or provide free Wastewater System products or services except: (i) for City-owned facilities, (ii) in case of emergencies, (iii) where the City exchanges services with other water systems, or (iv) where in the reasonable judgment of the City such action does not materially reduce the Revenues received by the City.

Section 13. Tax Covenants.

(a) *General.* The City covenants with the Owners of Tax-Exempt Bonds that, notwithstanding any other provision of this Master Ordinance or any other instrument, it will take no action which would adversely affect the tax-exempt status of Tax-Exempt Bonds issued hereunder under Sections 103 or 148 of the Code pertaining to the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes. The foregoing covenant shall extend throughout the term of the Tax-Exempt Bonds. The City will execute a Tax Certificate dated the date of issuance and closing of Tax-Exempt Bonds hereunder with respect to such federal tax matters.

(b) *Arbitrage Covenant: Covenant to Maintain Tax Exemption.*

(1) The Mayor and/or City Administrator and other appropriate officials of the City each are hereby authorized and directed to execute from time to time such Tax Certificates as shall be necessary to establish that the Tax-Exempt Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, as the same presently exist or may from time to time hereafter be amended, supplemented or revised, and to establish that interest on the Tax-Exempt Bonds is not and will not become includable in gross income under the Code and applicable regulations. The City covenants and certifies to and for the benefit of the Bondholders that no use will be made of the proceeds of the issue and sale of the Tax-Exempt Bonds, or any funds or accounts of the City which may be deemed to be proceeds of the Tax-Exempt Bonds, pursuant to Section 148 of the Code and applicable regulations (proposed or promulgated,) which use, if it had been reasonably expected on the date of issuance of the Tax-Exempt Bonds, would have caused the Tax-Exempt Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to this covenant, the City obligates itself to comply throughout the term of the Tax-Exempt Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated thereunder.

(2) The City further covenants and agrees to and for the benefit of the Bondholders that the City (i) will not take any action that would cause interest on the Tax-Exempt Bonds to be or to become ineligible for the exclusion from gross income of the Bondholders as provided in Section 103 of the Code, (ii) will not omit to take or cause to be taken, in timely manner, any action which would cause interest on the Tax-Exempt Bonds to be or to become ineligible for the exclusion from gross income of the Bondholders as provided in Section 103 of the Code, and (iii) without limiting the generality of the foregoing, (a) will not take any action which would cause the Tax-Exempt Bonds to be a “private activity bond” within the meaning of Section 141 of the Code or to fail to meet any applicable requirement of Section 149 of the Code and (b) will not omit to take or cause to be taken, in timely manner, an action which would cause the Tax-Exempt Bonds to be a “private activity bond” or to fail to meet any applicable requirement of Section 149 of the Code. The Mayor and/or the City Administrator, or such other appropriate officials of the City each are hereby authorized and directed to execute from time to time such Tax Certificate as shall be necessary to establish that the Tax-Exempt Bonds are not and will not become “private activity bonds,” that all applicable requirements of Section 149 of the Code are and will be met, and that the covenant of the City contained in this Section 13(b)(2) will be complied with.

(3) The City covenants and certifies to and for the benefit of the Bondholders that: (i) the City will at all times comply with the provisions of any Tax Certificate; (ii) the City will at all times comply with the rebate requirements contained in Section 148(f) of the Code, to the extent applicable; and (iii) no bonds or other evidences of indebtedness of the City have been or will be issued, sold or delivered within a period beginning 15 days prior to the sale of a series of Tax-Exempt Bonds and ending 15 days following the date of delivery of and payment for a series of Tax-Exempt Bonds.

The City hereby covenants to adopt, make, execute and enter into (and to take such actions, if any, as may be necessary to enable it to do so) any resolution or Tax Certificate necessary to comply with any changes in law or regulations in order to preserve the exclusion of interest on the Tax-Exempt Bonds from gross income of the Bondholders thereof for purposes of the federal income tax to the extent that it may lawfully do so. The City further covenants to (a) impose such limitations on the investment or use of moneys or investment related to the Tax-Exempt Bonds, (b) make such payments to the United States Treasury, (c) maintain such records, (d) perform such calculations and (e) perform such other acts as may be necessary to preserve the exclusion of interest on the Tax-Exempt Bonds from gross income of the Bondholders thereof for purposes of the federal income tax and which it lawfully may do.

Pursuant to these covenants, the City obligates itself to comply with the requirements of Section 103 of the Code and the regulations proposed or promulgated thereunder throughout the term of the issue of the Tax-Exempt Bonds.

(c) *Modification of Tax Covenants.* The covenants of this Section are specified solely to assure the continued exemption from regular income taxation of the interest on the Tax-Exempt Bonds. To that end, the provisions of this Section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City’s bond counsel

that such modification or elimination will not adversely affect the tax exemption of interest on any Tax-Exempt Bonds.

Section 14. Issuance of Parity Bonds. The City may issue Parity Bonds to provide funds for any purpose relating to the Wastewater System, but only if:

(a) No Event of Default under this Master Ordinance or any Series Ordinance has occurred and is continuing;

(b) At the time of the issuance of the Parity Bonds there is no deficiency in the Debt Service Account and all required deposits to all subaccounts in the Reserve Account have been made;

(c) There shall have been filed with the City either:

(1) A certificate of the City Administrator or the City Treasurer stating that Net Revenues (adjusted as provided in Section 14(d)) for the Base Period were not less than one hundred twenty five percent (125%) of Maximum Annual Debt Service on all then Outstanding Bonds, calculated as of the date the Parity Bonds are issued and with the proposed Parity Bonds treated as Outstanding; or

(2) A certificate or opinion of a Qualified Consultant:

(A) Stating the amount of the Adjusted Net Revenues for each of the five Fiscal Years after the last Fiscal Year for which interest on the Parity Bonds is, or is expected to be, capitalized, or, if interest will not be capitalized, for each of the five (5) Fiscal Years after the proposed Parity Bonds are issued; and

(B) Concluding the respective amounts of Adjusted Net Revenues in each of the first four Fiscal Years described in Section 14(c)(2)(A) are at least equal to one hundred twenty-five percent (125%) of the Annual Bond Debt Service for each of those respective Fiscal Years on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding; and,

(C) Concluding the amount of Adjusted Net Revenues in the fifth Fiscal Year described in Section 14(c)(2)(A) is at least equal to one hundred twenty-five percent (125%) of the Maximum Annual Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding.

(d) The City may adjust Net Revenues for purposes of Section 14(c)(1) by adding any Net Revenues the City Administrator or the City Treasurer calculates the City would have had during the Base Period because of increases in Wastewater System rates, fees and charges which have been adopted by the City and are in effect on or before the date the Parity Bonds are issued. The City shall adjust Net Revenues for the Base Period by eliminating the effect of any withdrawals from or deposits to the Stabilization Account.

(e) The Qualified Consultant shall calculate Adjusted Net Revenues for purposes of Section 14(c)(2) as provided in this Section 14(e):

(1) The City shall provide the Qualified Consultant with the following information:

(A) The Base Period, the Net Revenues for the Base Period and the amounts of any withdrawals from or deposits to the Stabilization Account for Fiscal Years that are included in the Base Period;

(B) Information regarding any Wastewater System utility properties that are being acquired with Parity Bonds and that have an earnings record;

(C) Any changes in rates and charges which have been adopted by the City since the beginning of the Base Period and the dates on which they are scheduled to take effect;

(D) Any changes in customers since the beginning of the Base Period; and,

(E) A description of any extensions or additions to the Wastewater System that were in the process of construction at the beginning of the Base Period or commenced construction after the beginning of the Base Period, the expected date of completion of those extensions or additions, the estimated operating and capital costs of those extensions or additions, and any other changes to the Revenues or Operation and Maintenance Expenses that the City reasonably expects to result from the completion and operation of those extensions or additions.

(2) Using the information provided by the City pursuant to Section 14(e)(1) and any additional information the Qualified Consultant determines is necessary, the Qualified Consultant shall adjust the Net Revenues for the Base Period to eliminate the effect of any withdrawals from or deposits to the Stabilization Account in the manner described in Section 14(d) and may adjust the Net Revenues for the Base Period:

(A) To reflect any changes that the Qualified Consultant projects will result from the acquisition of Wastewater System utility properties that are being financed with the Parity Bonds and that have an earnings record;

(B) To reflect any changes in rates and charges which have been adopted by the City and which are scheduled to take effect during the period described in Section 14(c)(2)(A), or which increase rates and charges for inflation at a level which the Qualified Consultant determines is reasonable;

(C) To reflect any changes in customers of the Wastewater System that occurred after the beginning of the Base Period and prior to the date of the Qualified Consultant's certificate; and

(D) To reflect any changes to Net Revenues not included in the preceding paragraphs that are projected to result from the completion and operation of additions and extensions to the Wastewater System that were under construction at the beginning of the Base Period or commenced construction after the beginning of the Base Period.

(f) The City may issue Refunding Bonds to refund Outstanding Bonds without complying with Section 14(a) through (e) above if the refunded Bonds are legally defeased on the date of delivery of the Refunding Bonds and if the Annual Bond Debt Service on the Refunding Bonds does not exceed the Annual Bond Debt Service on the refunded Bonds in any Fiscal Year by more than five percent (5.00%).

(g) Bonds shall be treated as “legally defeased” for purposes of Section 14(f) if they are defeased as provided in Section 19.

(h) All Parity Bonds issued in accordance with this Section 14 shall have a lien on the Net Revenues which is equal to the lien of all other Outstanding Bonds.

Section 15. Interest Subsidy Bonds. The amounts assumed to be paid on Interest Subsidy Bonds shall be calculated as follows:

(a) When calculating Annual Debt Service for the Rate Covenant in Section 12(a), the City shall subtract from interest to be paid on Interest Subsidy Bonds the federal interest subsidies on Interest Subsidy Bonds that the City reasonably expects, at the beginning of the Fiscal Year, to receive during that Fiscal Year.

(b) When calculating Annual Debt Service and Maximum Annual Debt Service for the tests for issuing Parity Bonds in Section 14, the City shall subtract from the scheduled payments of interest on Interest Subsidy Bonds the amount of federal interest subsidies that the City reasonably expects, at the time the Parity Bonds are issued, to receive.

(c) When calculating the amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on a Series of Interest Subsidy Bonds to determine the Tax Maximum for Interest Subsidy Bonds that are secured by a subaccount in the Bond Reserve Account, the City shall subtract from the scheduled payments of interest on Interest Subsidy Bonds the federal interest subsidies that the City reasonably expects, at the time the Series of Interest Subsidy Bonds is issued, to be paid to the City for the Series of Interest Subsidy Bonds. The City shall not be required to increase the amount the City is required to hold in a subaccount in the Bond Reserve Account if federal interest subsidies are not paid when or in the amounts expected. However, if the City reduces the amount it holds in a subaccount of the Bond Reserve Account because Bonds secured by that subaccount have been paid, the City must take into account its reasonable expectations of the amount of federal interest subsidies it expects to receive at the time of reduction in determining the amount that the City must retain in a subaccount of the Bond Reserve Account.

Section 16. Estimated Debt Service Requirements for Balloon Payments. The Estimated Debt Service Requirement for Balloon Payments shall be calculated in accordance with this Section 16.

(a) For the Rate Covenants: For each Balloon Payment that is Outstanding on August 1 of any Fiscal Year, the City Administrator, City Treasurer, or their designee shall prepare a schedule of principal and interest payments for a hypothetical Series of Refunding Bonds that refunds that Balloon Payment in accordance with Section 16(d). The City Administrator, City Treasurer, or their designee, shall prepare that schedule as of that first day of August, and that schedule shall be used to determine compliance with the rate covenant in Section 12(a) for the following Fiscal Year.

(b) For Parity Bonds: Whenever a Balloon Payment will be Outstanding on the date a Series of Parity Bonds is issued, the City Administrator, City Treasurer, or their designee, shall prepare a schedule of principal and interest payments for a hypothetical Series of Refunding Bonds that refunds each Outstanding Balloon Payment in accordance with Section 16(d). The City Administrator, City Treasurer, or their designee shall prepare that schedule as of the date the Parity Bonds are sold, and that schedule shall be used to determine compliance with the tests for Parity Bonds in Section 14.

(c) For the Reserve Account Requirement: If a Reserve Account Requirement applies to a Series of Bonds, whenever such Series of Bonds contains a Balloon Payment, the City Administrator, City Treasurer, or their designee shall prepare a schedule of principal and interest payments for a hypothetical Series of Refunding Bonds that refunds each Balloon Payment in that Series in accordance with Section 16(d). The City Administrator, City Treasurer, or their designee shall prepare that schedule as of the date the Series is sold, and that schedule shall be used to determine the Reserve Requirement as long as that Series is Outstanding.

(d) Each hypothetical Series of Refunding Bonds shall be assumed to be paid in equal annual installments of principal and interest that are sufficient to amortize the principal amount of the Balloon Payment over the term selected by the City Administrator, City Treasurer, or their designee; however, the City Administrator, City Treasurer, or their designee shall not select a term that exceeds the lesser of: 30 years from the date the Balloon Payment is originally scheduled to be paid; or, the City's estimate of the remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment. The annual installments shall be assumed to be due on the anniversaries of the date the Balloon Payment is originally scheduled to be paid, with the first installment due on the first anniversary of the date the Balloon Payment is scheduled to be paid. Each installment shall be assumed to bear interest at a rate that is estimated by the City from the Bond Buyer Revenue Bond Index (or if the Bond Buyer Revenue Bond Index is not available, a reasonably comparable index selected by the City) for a revenue bond with a term determined as described above. When the City prepares a schedule described in Section 16(a), Section 16(b), or Section 16(c), the City shall use the index that is available to the City on the date the City is required to prepare that schedule.

Section 17. Form of Bonds. The Bonds issued hereunder shall be in substantially the form provided in each Series Ordinance for such Bonds.

Section 18. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and the City Treasurer, with both signatures attested by the manual or facsimile signature of the Clerk.

Only such Bonds as shall bear thereon a Certificate of Authentication in the forms set forth in the respective Series Ordinances, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Master Ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated, and delivered hereunder and are entitled to the benefits of this Master Ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar pursuant to the Series Ordinance, or issued by the City, such Bonds shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had executed such Bonds had not ceased to be such officers.

Section 19. Defeasance. In the event that money and/or "Governmental Obligations" (as now or hereinafter defined in Idaho Code, Section 57-504 or comparable statute then in effect) maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any Bonds payable out of the Bond Fund in accordance with their terms are irrevocably deposited with an escrow agent to effect such redemption and retirement, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bonds and the owner of such Bonds shall cease to be entitled to any lien, benefit or security of this Master Ordinance except the right to receive the funds so set aside and pledged, and such Bonds shall be deemed not to be Outstanding hereunder. Prior to such Bonds being deemed defeased, the City shall file with the escrow agent (i) a certificate from an independent, certified public accountant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and (ii) an opinion of nationally recognized bond counsel that the proposed defeasance will not cause interest on any defeased Tax-Exempt Bonds to be includable in gross income under the Code.

The City will cause the Bond Registrar appointed for the Bonds being defeased to provide notice of defeasance of Bonds to Registered Owners of Bonds being defeased and to each party entitled to receive notice under this Master Ordinance.

Section 20. Lost or Destroyed Bonds. In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar for such lost, stolen or destroyed Bonds may authenticate and deliver a new Bond or Bonds of like amount, date and tenor to the owner thereof upon the owner's paying the expenses and charges of such Bond Registrar and the City in connection therewith and upon his filing with such Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of their ownership thereof, and upon furnishing such Bond Registrar and the City with indemnity to their satisfaction.

Section 21. Events of Default. Each of the following events is hereby declared to be an "Event of Default" under this Master Ordinance:

(a) *Non-payment of Principal, Premium or Reserve Deposit.* Payment of the principal of the Bonds, or any required Reserve Account deposit, is not made when the same becomes due and payable;

(b) *Non-payment of Interest.* Payment of any installment of interest on the Bonds is not made when the same becomes due and payable.

(c) *Incapable to Perform.* The City for any reason is, or is rendered to be, incapable of fulfilling its obligations hereunder.

(d) *Non-Performance of Duties.* The City shall have failed to carry out and to perform all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Revenues, to the Wastewater System, or to all or any combination thereof, or otherwise, including, without limitation, this Master Ordinance, and such failure shall continue for sixty (60) days after receipt of notice from the Registered Owners of at least a majority in principal amount of the Bonds, then Outstanding.

(e) *Failure to Reconstruct.* The City discontinues or unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any revenue-producing part of the Wastewater System which is destroyed or damaged and is not promptly repaired or replaced (whether such failure to repair is due to impracticability of such repair or replacement, is due to a lack of monies therefor, or for other reasons).

(f) *Appointment of Receiver.* An order or decree is entered by a court of competent jurisdiction, with the consent or acquiescence of the City appointing a receiver or receivers for the Wastewater System or for the Revenues and any other monies subject to the lien to secure the payment of the Bonds, or both such Wastewater System and such monies, or if any order or decree having been entered without the consent or acquiescence of the City, is not vacated or discharged or stayed on appeal within sixty (60) days after entry.

(g) *Default of any Provisions.* The City makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds authorized or referred to in this Master Ordinance on its part to be performed, and if such default continues for sixty (60) days after written notice, specifying such default and requiring the same to be remedied, is given to the City by the Registered Owners of at least a majority in principal amount of the Bonds then Outstanding.

(h) *Remedies.* If an Event of Default occurs, any Registered Owner may exercise any remedy available at law or in equity including mandamus, where applicable. However, the Bonds shall not be subject to acceleration.

Section 22. Application of Funds and Moneys in Event of Default. The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon written demand of the Registered Owners of at least a majority of the principal amount of the Bonds then Outstanding, shall pay over or cause to be paid over to a commercial bank or other financial institution with a reported capital and surplus in excess of \$50 million appointed by such Registered Owners as trustee for the benefit of the Registered Owners (the "Trustee"), (i) forthwith, all moneys, securities and funds then held by the City in any fund under this Master Ordinance, and (ii) all Net Revenues as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Net Revenues received by the Trustee pursuant to any right given or action taken under the provisions of this Master Ordinance and any Series Ordinance as follows and in the following order:

(a) *Compensation and Expenses of Trustee.* To the payment of the reasonable and proper compensation, charges, expenses and liabilities of the Trustee;

(b) *Operating Costs.* To the payment of the amounts required for reasonable and necessary Operation and Maintenance Expenses as necessary, in the judgment of the Trustee, to prevent deterioration of the Wastewater System or loss of Net Revenues therefrom. For this purpose, the books or records and accounts of the City relating to the Wastewater System shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default;

(c) *Principal or Redemption Price and Interest.* To the payment of the interest and principal or redemption price then due on Bonds as follows:

(1) *First:* To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest of the Bonds therefor called for redemption, and if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

(2) *Second:* To the payment of the persons entitled thereto of the unpaid principal or redemption price of the Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or redemption due on such date, to the persons entitled thereto, without any discrimination or preference.

(3) If and whenever all overdue installments of interest on the Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the City under this Master Ordinance, including the principal and redemption price of and accrued unpaid interest on the Bonds then payable by declaration or otherwise, shall either be paid by the Trustee for the account of the City, or provision satisfactory to the Trustee shall be made for such payment, and all Events of Default under the Ordinance shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the City shall be restored to its former positions and rights under this Master Ordinance. No such restoration of the City in its former positions and rights shall extend to or affect any subsequent Events of Default under this Master Ordinance or impair any right consequent thereon.

Section 23. Amendments.

(a) The City from time to time and at any time may pass an ordinance or ordinances supplemental hereto, which ordinance or ordinances thereafter shall become a part of this Master

Ordinance, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the City in this Master Ordinance, other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the Registered Owners of the Outstanding Parity Bonds issued hereunder, or to surrender any right or power herein reserved.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting, or supplementing any defective provision contained in this Master Ordinance, or any Series Ordinance authorizing Bonds in regard to matters or questions arising under such ordinances as the Council may deem necessary or desirable and not inconsistent with such ordinances and which shall not adversely affect, in any material respect, the interest of the Registered Owners of the Outstanding Bonds.

Any such Series Ordinance may be adopted without the consent of the owners of any Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this Section.

(b) With the consent of the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds at the time Outstanding, the Council may pass an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Ordinance or of any Series Ordinance; provided, however, that no such Series Ordinance shall:

(1) Extend the fixed maturity of any Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected; or

(2) Reduce the aforesaid percentage of Bond owners required to approve any such Series Ordinance, without the consent of the owners of all the Bonds then Outstanding.

It shall not be necessary for the consent of Bond owners under this subsection (b) to approve the particular form of any proposed Series Ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(c) Upon the adoption of any Series Ordinance pursuant to the provisions of this Section, this Master Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this Master Ordinance and all owners of Bonds Outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modifications and amendments, and all terms and conditions of any such Series Ordinance shall be deemed to be part of the terms and conditions of this Master Ordinance for any and all purposes.

(d) Bonds executed and delivered after the execution of any Series Ordinance passed pursuant to the provisions of this Section may have a notation as to any matter provided for in such Series Ordinance, and if such Series Ordinance shall so provide, new Bonds so modified as to conform, in the opinion of the Council, to any modification of this Master Ordinance contained in

any such Series Ordinance, may be prepared and delivered without cost to the owners of any affected Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

(e) *Exclusion of Bonds Owned by City.* Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of any vote or consent or other action or any calculation of Outstanding Bonds in this Master Ordinance provided for and shall not be entitled to vote or consent or take any other action in this Master Ordinance provided for.

(f) *Bonds Held by Securities Repositories.* For so long as the Bonds are held in book entry only form, communications with the owners shall be made with the securities depository who is the "Registered Owner" of the Bonds and communications with (and obtaining consents from) Beneficial Owners shall be made in accordance with the operational procedures of the securities depository that is the "Registered Owner" of the Bonds.

Section 24. Severability. If any one or more of the covenants or agreements provided in this Master Ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this Master Ordinance and shall in no way affect the validity of the other provisions of this Master Ordinance or of the Bonds.

Section 25. Effective Date. That, pursuant to the affirmative vote of one-half (1/2) plus one (1) of the members of the Council, the rule requiring two (2) separate readings by title and one (1) reading in full be, and the same is hereby, dispensed with, and accordingly, this Master Ordinance shall be in full force and effect immediately upon its passage, approval, and publication, as provided by law.

Section 26. Publication. A summary of this Master Ordinance substantially in the form attached hereto as Exhibit A, which form is hereby approved, shall be published within one (1) month hereafter once in an issue of *The Idaho Mountain Express*, the official newspaper of the City, pursuant to Idaho Code, Section 50-901A, as amended.

[The remainder of this page has been left blank intentionally.]

APPROVED by the City Council of the City of Ketchum, Idaho, this []th day of [March] 2023.

APPROVED by the Mayor of the City of Ketchum, Idaho, this []th day of [March] 2023.

NEIL BRADSHAW, MAYOR

ATTEST:

By: _____
TRENT DONAT, CITY CLERK

(S E A L)

EXHIBIT A

CITY OF KETCHUM BLAINE COUNTY, IDAHO

Summary of Ordinance No. 1247, passed [_____] , 2023

MASTER ORDINANCE

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, STATE OF IDAHO, AUTHORIZING THE ISSUANCE AND SALE OF WASTEWATER REVENUE BONDS IN ONE OR MORE SERIES TO PROVIDE FUNDS NECESSARY TO FINANCE OR REFINANCE IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM; FIXING THE FORM, COVENANTS AND CERTAIN TERMS OF THE BONDS TO BE ISSUED; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF BONDS; PLEDGING NET REVENUES FOR PAYMENT OF DEBT SERVICE ON BONDS ISSUED HEREUNDER; PROVIDING FOR CERTAIN FEDERAL TAX COVENANTS WITH RESPECT TO TAX-EXEMPT BONDS ISSUED HEREUNDER; PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO; ORDERING PUBLICATION; APPROVING A SUMMARY OF THE ORDINANCE; PROVIDING FOR WAIVER OF THE READING RULES AND PROVIDING AN EFFECTIVE DATE.

Section 1 (Definitions) defines certain capitalized terms used in the Ordinance.

Section 2 (Authorization of Bonds; Delegation Authority) Authorizes issuance and sale by the City of revenue bonds pursuant to Series Ordinance. Additionally, pursuant to Idaho Code, Section 57-235, authorizes delegation to the Mayor and/or City Administrator of acceptance of the final terms and provisions of sale of Bonds.

Section 3 (Registration) Provides for the appointment of a Bond Registrar and registration of Bonds pursuant to a Series Ordinance.

Section 4 (Redemption and Purchase) Provides that details regarding redemption of Bonds prior to their scheduled maturity shall be provided in the respective Series Ordinance or as accepted by the Mayor and/or City Administrator by authority delegated pursuant to Idaho Code, Section 57-235, and provides details regarding purchase of Bonds.

Section 5 (Establishment of Accounts and Funds) Ratifies or creates the following funds: the Bond Fund, consisting of the Debt Service Account and Reserve Account, the Revenue Fund, the Project Fund and the Rebate Fund.

Section 6 (Revenue Fund; Priority of Application of Revenue of the Wastewater System) Provides for the allocation of Wastewater Revenues to pay expenses and debt service on Bonds.

Section 7 (Bond Fund) Provides for the deposit of revenues into a debt service fund and the maintenance of reserves.

Section 8 (Project Fund) Provides for deposit of proceeds of Bonds issued to finance the Cost of Acquisition and Construction of a Project, including costs of issuance thereof.

Section 9 (Rebate Fund; Rebate Requirement) Provides for deposit of excess earnings on funds under the Ordinance as required by the City's Tax Certificate, which funds are to be held in trust for payment of arbitrage rebate in accordance with Section 148 of the Code.

Section 10 (Authorization for Projects) Provides that Project(s) may be financed by issuance of Bonds under Series Ordinance upon determination by the City that it is necessary to preserve the public health, safety and welfare that certain components of the City's Wastewater System be repaired, replaced and/or improved.

Section 11 (Separate Utility System) Provides that the City may declare certain property which the City owns or acquires to be part of a Separate Utility System.

Section 12 (Specific Covenants) Includes operating covenants for the benefit of Bondholders.

Section 13 (Tax Covenants) Includes covenants to comply with federal tax requirements.

Section 14 (Issuance of Parity Bonds) Provides the terms under which the City may issue Parity Bonds.

Section 15 (Interest Subsidy Bonds) Provides for calculation of the amounts assumed to be paid on Interest Subsidy Bonds.

Section 16 (Estimated Debt Service Requirements for Balloon Payments) Provides for the calculation of estimated debt service on the respective Bonds with Balloon Payments.

Section 17 (Form of Bonds) Describes the form of the Bonds.

Section 18 (Execution of Bonds) Authorizes procedures for execution and authentication of the Bonds.

Section 19 (Defeasance) Provides conditions under which Bonds may be defeased.

Section 20 (Lost or Destroyed Bonds) Makes provision in case Bonds are lost, stolen, or destroyed.

Section 21 (Events of Default) Describes the events declared to be "events of default" under the Ordinance.

Section 22 (Application of Funds and Moneys in Event of Default) Provides for remedies in the event that a default occurs.

Section 23 (Amendments) Provides the terms and conditions pursuant to which the Ordinance may be amended or revised.

Section 24 (Severability) Provides that other covenants and agreements in the Ordinance are not affected if one is made invalid.

Section 25 (Effective Date) Provides for waiver of the reading rules and restates its effective.

Section 26 (Publication) Provides for the publication of a summary of the Ordinance and approves the form and content of this Summary of Ordinance

Exhibit A: Sets forth this summary for publication.

The full text of Ordinance No. 1247 is available at City Hall and will be provided to any citizen upon personal request during normal office hours.

DATED this ____ day of [March] 2023.

CITY OF KETCHUM, IDAHO

By:

NEIL BRADSHAW, MAYOR

ATTEST:

City Clerk

I, the undersigned City Attorney for and legal advisor to the City of Ketchum, Idaho, hereby certify that I have read the foregoing Summary of Ordinance No. 1247 of the City of Ketchum, and that the same is true and complete and provides adequate notice to the public of the contents of said Ordinance.

DATED this ____ day of [March] 2023.

City Attorney

CITY OF KETCHUM

ORDINANCE NO. 1248

BY THE COUNCIL:

BREEN, DAVID, HAMILTON,
AND SLANETZ

SERIES ORDINANCE

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, AUTHORIZING THE ISSUANCE OF ITS WASTEWATER REVENUE BONDS, SERIES 2023, TO PROVIDE FUNDS NECESSARY TO FINANCE IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM; FIXING THE FORM OF THE BONDS TO BE ISSUED; AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT; DELEGATING AUTHORITY TO APPROVE THE TERMS AND PROVISIONS OF THE SALE OF THE BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF THE BONDS; PLEDGING REVENUES FOR PAYMENT OF DEBT SERVICE ON BONDS; PROVIDING FOR CERTAIN FEDERAL TAX COVENANTS WITH RESPECT TO THE BONDS; PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO; ORDERING PUBLICATION; APPROVING A SUMMARY OF THE ORDINANCE; PROVIDING FOR WAIVER OF THE READING RULES AND PROVIDING AN EFFECTIVE DATE.

Approved: [_____] , 2023

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Exhibit A – Form of Bond

Exhibit B – Form Notice of Private Negotiated Bond Sale

Exhibit C – Form of Bond Purchase Agreement

Exhibit D – Form of Terms Certificate

Exhibit E – Summary of Series Ordinance

ORDINANCE NO. 1248

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, AUTHORIZING THE ISSUANCE OF ITS WASTEWATER REVENUE BONDS, SERIES 2023, TO PROVIDE FUNDS NECESSARY TO FINANCE AND REFINANCE IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM; FIXING THE FORM OF THE BONDS TO BE ISSUED; AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT; DELEGATING AUTHORITY TO APPROVE THE TERMS AND PROVISIONS OF THE SALE OF THE BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF THE BONDS; PLEDGING REVENUES FOR PAYMENT OF DEBT SERVICE ON BONDS; PROVIDING FOR CERTAIN FEDERAL TAX COVENANTS WITH RESPECT TO THE BONDS; PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO; ORDERING PUBLICATION; APPROVING A SUMMARY OF THE ORDINANCE; PROVIDING FOR WAIVER OF THE READING RULES AND PROVIDING AN EFFECTIVE DATE.

**CITY OF KETCHUM, BLAINE COUNTY,
STATE OF IDAHO WASTEWATER REVENUE BONDS, SERIES 2023**

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, AS FOLLOWS:

WHEREAS, the City of Ketchum, Blaine County, Idaho (the "City") is a body politic and corporate duly organized, operating and existing under and pursuant to the provisions of the Constitution and the laws of the State of Idaho;

WHEREAS, pursuant to a special municipal revenue bond election duly called by the City and held on November 8, 2022 (the "Bond Election"), there was submitted to the qualified electors of the City the following proposition:

THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, HAS DETERMINED THAT IT IS IN THE INTEREST OF THE PUBLIC, AND NECESSARY FOR PURPOSES OF IMPROVED WATER QUALITY, TO FINANCE THE RENOVATION, IMPROVEMENT, AND UPGRADE OF THE CITY'S WASTEWATER SYSTEM. FINANCING THE IMPROVEMENTS THROUGH THE ISSUANCE OF WASTEWATER REVENUE BONDS WILL PREVENT AN INITIAL 60% CUSTOMER RATE INCREASE, AND TWO SUBSEQUENT 25% RATE INCREASES, KEEPING UPFRONT WASTEWATER RATE

INCREASES LOWER AND MORE AFFORDABLE. EACH SERIES OF BONDS SHALL BE PAID SOLELY FROM REVENUES GAINED FROM WASTEWATER CUSTOMER FEES AND WILL HAVE NO EFFECT ON PROPERTY TAXES.

SHALL THE CITY OF KETCHUM, IDAHO, BE AUTHORIZED TO ISSUE AND SELL ONE OR MORE SERIES OF WASTEWATER REVENUE BONDS OVER THE NEXT TEN (10) YEARS, IN AN AGGREGATE PRINCIPAL AMOUNT UP TO \$14,000,000, FOR THE PURPOSE OF FUNDING THE RENOVATION, IMPROVEMENT, AND UPGRADE OF THE CITY'S WASTEWATER SYSTEM?

WHEREAS, more than a majority of the votes cast at the Bond Election were cast in favor of said proposition and the issuance of up to \$14,000,000 of revenue bonds of the City was authorized for the purpose of financing the design, acquisition and construction of certain improvements to the City's Wastewater System and to pay the costs of issuance thereof;

WHEREAS, pursuant to the successful Bond Election, on the date hereof, the members of the City's Council (the "Council") adopted Ordinance No. 1247 (the "Master Ordinance") providing for the issuance and sale of wastewater revenue bonds to finance or refinance Projects, as defined thereunder, by adoption of series ordinances thereto, and the Council adopts this Series Ordinance to authorize its Series 2023 Bonds to finance the Series 2023 Project, as such terms are hereinafter defined; and

WHEREAS, pursuant to Idaho Code, Section 57-235, the Council desires to delegate authority, in accordance with the specific instructions and procedures set forth herein, for determination and approval of certain final terms and provisions of the Series 2023 Bonds and other matters at the time the Series 2023 Bonds are sold.

NOW, THEREFORE, THE MAYOR AND COUNCIL OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, FURTHER ORDAIN AS FOLLOWS:

ARTICLE I

Section 101. Definitions. Except as provided in this Section, all defined terms contained in this Series Ordinance shall have the same meanings as set forth in the Master Ordinance. As used in this Series Ordinance, in addition to the terms defined in the WHEREAS clauses of this Series Ordinance or if the context shall otherwise require, the following terms shall have the following meanings:

Act means collectively the Revenue Bond Act, Idaho Code, Sections 50-1027 through 50-1042, inclusive, and the Municipal Bond Law of the State of Idaho, being Idaho Code, Title 57, Chapter 2.

Authorized Denominations means \$5,000 or integral multiples thereof.

Delegated Officer means the City Administrator.

Delegation Certificate means the Terms Certificate, substantially in the form of Exhibit D hereto, signed and delivered by the Delegated Officer to approve the final terms and provisions of the Bond Purchase Agreement and Series 2023 Bonds.

Interest Payment Date means with respect to the Series 2023 Bonds, each March 1 and September 1, commencing September 1, 2023, or any other dates as specified in the Delegation Certificate.

Principal Payment Date or “sinking fund payment date” means with respect to the Series 2023 Bonds, each September 1 commencing September 1, 2024, or any other dates specified in the Delegation Certificate.

Series Ordinance means this Ordinance No. 1248 adopted by the Council on [____], 2023, authorizing the issuance of the Series 2023 Bonds, setting forth certain requirements of the terms of sale of the Series 2023 Bonds, delegating authority to approve the final terms and provisions of the Series 2023 Bonds, and providing for related matters.

Series 2023 Bonds means the City’s Wastewater Revenue Bonds, Series 2023 authorized hereunder in substantially the form attached to this Series Ordinance as Exhibit A.

Series 2023 Bond Registrar means, with respect to the Series 2023 Bonds, Zions Bancorporation, National Association, Boise, Idaho, appointed by the City pursuant to Section 3 of the Master Ordinance and this Series Ordinance to serve as the authenticating agent, paying agent, and transfer agent for the Series 2023 Bonds. The term “Series 2023 Bond Registrar” shall include any business successor or successors thereto, any company into which the Series 2023 Bond Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, provided such company shall be a bank or trust company organized under the laws of any state of the United States of America or a national banking association and shall be authorized by law to perform all the duties imposed upon it by this Series Ordinance, shall be the successor to the Series 2023 Bond Registrar without the execution or filing of any paper or the performance of any further act.

Series 2023 Project means financing the acquisition and construction of certain improvements to the City’s Wastewater System, including but not limited to: the construction of new aeration basins, aeration basin blower repairs, new grit removal systems, a new rotary drum thickener, a new dewatering building, removal of Digester No. 1, clarifier system repairs, a new Digester No. 2, new and replacement digester blowers, replacement backup generators and pumps, new ultraviolet (UV) equipment, upgraded programmable logic controller (PLC) hardware and filters, construction of new ancillary buildings, the purchase of new utility vehicles, and other ancillary equipment and controls required for the operation of the Wastewater System, and any other comparable alternative construction, renovation and improvements to the Wastewater System as otherwise determined by the City, and all other related costs, items and appurtenances

necessary, useful and convenient for the adequate collection and treatment of wastewater within the City, all collectively constituting the Project, as defined herein.

The terms “**hereby**,” “**hereof**,” “**hereto**,” “**herein**,” “**hereunder**,” and any similar terms as used in this Series Ordinance refer to this Series Ordinance.

ARTICLE II

Section 201. Authority for Series Ordinance. This Series Ordinance is adopted pursuant to the provisions of the Act and the Master Ordinance. This Series Ordinance contemplates the issuance and sale of the Series 2023 Bonds through a delegation of authority as provided in Section 207 hereof. Unless the context clearly indicates otherwise, for example, the provisions of Section 206(a) through (b) which take effect upon adoption of this Series Ordinance, this Series Ordinance shall not take effect and no provision thereof shall be binding upon the City unless and until the Series 2023 Bonds are sold and issued.

Section 202. Finding and Purpose. In compliance with the Master Ordinance, the Series 2023 Bonds are hereby authorized to be issued as Initial Bonds to provide funds with which to finance the Series 2023 Project.

Section 203. Authorization of Series 2023 Bonds; Designation; Confirmation of Pledged Revenues. In accordance with and subject to the terms, conditions and limitations established by the Act, and contained in the Master Ordinance and this Series Ordinance, revenue bonds of the City are hereby authorized to be issued and shall be designated “City of Ketchum, Blaine County, State of Idaho, Wastewater Revenue Bonds, Series 2023.” The Series 2023 Bonds are secured by the pledge of the Net Revenues under Section 7 of the Master Ordinance equally and ratably with all Bonds issued under the Master Ordinance.

Section 204. Issue Date. The Series 2023 Bonds shall be dated as of the date of their delivery.

Section 205. Description of the Series 2023 Bonds.

(a) The Series 2023 Bonds shall be issued only in fully registered form in Authorized Denominations. Each of the Series 2023 Bonds shall be numbered separately from R-1 upwards. The Series 2023 Bonds shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate variations, omissions, and insertions as are permitted or required by this Series Ordinance and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. The Series 2023 Bonds may be typewritten, printed, lithographed, engraved or produced in similar manner. If any Series 2023 Bond is printed, any portion of the text of the Series 2023 Bond may be printed on the back of the Series 2023 Bond with an appropriate reference placed on the front of the Series 2023 Bond.

(b) The Series 2023 Bonds shall bear interest from the date of delivery, or the most recent date to which interest has been paid or duly provided for and shall be payable on the Principal Payment Date and Interest Payment Date and as provided in the Delegation Certificate.

(c) The principal of and interest on the Series 2023 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2023 Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months.

(d) The City intends to designate the Series 2023 Bonds as a “qualified tax-exempt obligation” within the meaning and for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), and the City, including all aggregated issuers as described in Section 265(b)(3)(E) of the Code, does not reasonably anticipate that it will issue more than \$10,000,000, including the Series 2023 Bonds, as qualified tax-exempt obligations during the calendar year.

Section 206. Authorization of Actions Preliminary to Sale and Issuance of Series 2023 Bonds.

(a) The Council desires to sell the Series 2023 Bonds pursuant to negotiated sale to Piper Sandler & Co. (the “Underwriter”) pursuant to Idaho Code, Section 57-232 and a Bond Purchase Agreement (the “Bond Purchase Agreement”) to be entered into on the date the Series 2023 Bonds are sold by the City to the Underwriter.

(b) In accordance with Idaho Code, Section 57-215, the Notice of Private Negotiated Bond Sale (the “Notice of Sale”) in the form attached as Exhibit B hereto is hereby ratified and approved and the City’s bond counsel is authorized to complete the Notice of Sale and effect timely publication thereof prior to the sale of the Series 2023 Bonds and approval and execution of the Bond Purchase Agreement.

(c) The Bond Purchase Agreement in substantially the form attached hereto as Exhibit C is hereby approved. Pursuant to Section 207 hereof, upon the sale of the Series 2023 Bonds and inclusion of the final terms of the Series 2023 Bonds therein, the Delegated Officer is hereby authorized to execute and deliver the Bond Purchase Agreement, with such additions or changes thereto as such officer may deem necessary or advisable subject to the limitations set forth in Section 207 hereof, with such approval to be conclusively evidenced by the execution of the Bond Purchase Agreement as so added to or changed. The officials of the City are authorized to do or perform all such acts as may be necessary or advisable to comply with the Bond Purchase Agreement and to carry the same into effect. To the extent the provisions of this Series Ordinance or the Master Ordinance and the Bond Purchase Agreement shall be found to be in conflict, the provisions of the Bond Purchase Agreement shall govern.

(d) The Preliminary Official Statement, in substantially the form presented to the Council, and the distribution and use thereof by the Underwriter is hereby authorized

and approved, and the Delegated Officer is hereby authorized to make such additions or changes to the Preliminary Official Statement as deemed necessary or advisable by such Delegated Officer. The Delegated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the final Official Statement in substantially the form of said Preliminary Official Statement with such additions to or changes to evidence the sale of the Series 2023 Bonds as such officer may deem necessary or advisable, such approval to be conclusively evidenced by the execution of said Official Statement as so added to or changed. The Underwriter, as purchaser of the Series 2023 Bonds, is hereby authorized to deliver copies of the said Official Statement (as so added to or changed) to all actual purchasers of the Series 2023 Bonds.

(e) The Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) between the City and Zions Bancorporation, National Association, as Disclosure Agent, in substantially the form presented to the Council, is hereby approved and the Delegated Officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute the Continuing Disclosure Agreement with such additions or changes thereto as such officer may deem necessary or advisable, with such approval to be conclusively evidenced by the execution of said Continuing Disclosure Agreement as so added to or changed.

Section 207. Sale of Series 2023 Bonds, Delegation Authority.

(a) Pursuant to Idaho Code, Section 57-235, as amended, the Council hereby delegates to the City Administrator (herein referred to as the “Delegated Officer”), the power to make the following determinations on the date of sale of the Series 2023 Bonds to the Underwriter, without any requirement that the members of the Council meet to approve such determinations, but subject to the limitations provided:

(i) The rate of interest to be borne by the Series 2023 Bonds, as measured by the true interest cost, not to exceed 6.500%.

(ii) The principal amount of the Series 2023 Bonds, not to exceed \$7,000,000.

(iii) The Principal Payment Date and the Interest Payment Date for the Series 2023 Bonds, with the final payment date/final maturity for the Series 2023 Bonds to be not later than twenty-one (21) years from the date of the Series 2023 Bonds.

(iv) The amount of principal of the Series 2023 Bonds maturing, or subject to mandatory sinking fund redemption, in any particular year, and the rate of interest accruing thereon.

(v) The price at which the Series 2023 Bonds will be sold (including any underwriter’s discount, original issue premium and original issue discount).

(vi) The dates, if any, on which, and the prices at which, the Series 2023 Bonds will be subject to optional redemption.

(vii) The amount of Series 2023 Bonds proceeds to be deposited to the funds and accounts established by this Series Ordinance.

(b) Upon the sale of the Series 2023 Bonds, including the final terms and provisions of the Series 2023 Bonds, the Delegated Officer shall execute a Delegation Certificate substantially in the form attached hereto as Exhibit D reflecting the final terms and provisions of the Series 2023 Bonds and certifying that the final terms and provisions of the Series 2023 Bonds are consistent with, not in excess of and no less favorable than the terms set forth in subparagraph (a) above, and as approved by the electorate of the City pursuant to the Bond Election.

Section 208. Execution of Series 2023 Bonds. The Series 2023 Bonds shall be executed on behalf of the City by the manual or facsimile signature of the Mayor and the City Treasurer and attested to by the City Clerk and the corporate seal of the City shall be impressed or printed thereon, if any. The Series 2023 Bonds, when so executed, shall be delivered to the Series 2023 Bond Registrar for authentication. The Series 2023 Bond Registrar is hereby requested and directed to authenticate the Series 2023 Bonds by executing the Certificate of Authentication appearing thereon, and to deliver the Series 2023 Bonds, when duly executed and authenticated, to the Underwriter in accordance with written instructions executed on behalf of the City by the Delegated Officer of the City, which instructions said officer is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Series 2023 Bond Registrar. Such instructions shall provide for the delivery of the Series 2023 Bonds to the Underwriter in accordance with the Bond Purchase Agreement, upon payment of the purchase price thereof.

Section 209. Registration of Series 2023 Bonds. The Series 2023 Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of Series 2023 Bonds (the "Series 2023 Bond Register"), which shall be open to inspection by the City. The Series 2023 Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Series 2023 Bonds transferred or exchanged in accordance with the provisions of such Series 2023 Bonds and this Series Ordinance and to carry out all of the Series 2023 Bond Registrar's powers and duties under this Series Ordinance and the Idaho Registered Public Obligations Act, Idaho Code, Title 57, Chapter 9, as amended. The Series 2023 Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2023 Bonds. The City Administrator and the City Treasurer are each hereby authorized to negotiate the terms of a registrar agreement with the Series 2023 Bond Registrar, providing for compensation and other terms mutually acceptable to the City and the Series 2023 Bond Registrar regarding the performance of its duties under this Series Ordinance.

(a) *Registered Ownership.* The City and the Series 2023 Bond Registrar may deem and treat the Registered Owner of each Series 2023 Bond on the Record Date as the absolute owner for all purposes, and neither the City nor the Series 2023 Bond Registrar shall be affected by any notice to the contrary. Payment of any such Series 2023 Bond shall

be made only as described herein, but such registration may be transferred as herein provided. All such payments made as described herein, shall be valid and shall satisfy the liability of the City upon such Series 2023 Bond to the extent of the amount or amounts so paid.

(b) *DTC Acceptance/Letter of Representations.* The Series 2023 Bonds will initially be held in fully immobilized form by DTC acting as depository. Prior to issuance of the Series 2023 Bonds hereunder, the Letter of Representations in the form required by DTC, with such changes, omissions, insertions and revisions as the City Administrator shall approve, is hereby authorized, and the City Administrator is hereby authorized to execute such Letter of Representations and cause the same to be filed with DTC. In the written acceptance of the Series 2023 Bond Registrar, the Series 2023 Bond Registrar shall agree to take all action necessary for all representations of the City in the Letter of Representations with respect to the Series 2023 Bond Registrar to be complied with at all times. The City's Letter of Representations is for the purpose of effectuating the book-entry-only system and shall not be deemed to amend, supersede or supplement the terms of this Series Ordinance, which terms are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Series Ordinance, the terms of this Series Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

(c) Neither the City nor the Series 2023 Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2023 Bonds for the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on Series 2023 Bonds, any notice that is permitted or required to be given to Registered Owners under this Series Ordinance (except such notices as shall be required to be given by the City to the Series 2023 Bond Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2023 Bonds, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Series 2023 Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes, and all references in this Series Ordinance to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in any Series 2023 Bonds.

(d) *Use of Depository.*

(i) Under the book-entry-only system, Series 2023 Bonds shall be registered initially in the name of "CEDE & Co.," as nominee of DTC, with one Bond maturing on each of the maturity dates for each series of the Series 2023 Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Series 2023

Bonds, or any portions thereof, may not thereafter be transferred except (a) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (b) to any substitute depository appointed by the Designated Representative pursuant to subsection (i) below or such substitute depository's successor; or (c) to any person as provided in subsection (iii) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Designated Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated Representative may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (a) or (b) of subsection (d) above, the Series 2023 Bond Registrar shall, upon receipt of all Outstanding Series 2023 Bonds issued hereunder, together with a written request on behalf of the Designated Representative, issue a single new Series 2023 Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Designated Representative.

(iv) In the event that (a) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (b) the Designated Representative determines that it is in the best interest of the Beneficial Owners of the Series 2023 Bonds that such owners be able to obtain such Series 2023 Bonds in the form of Bond certificates, the ownership of such Series 2023 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Designated Representative shall deliver a written request to the Series 2023 Bond Registrar, together with a supply of definitive Series 2023 Bonds, to issue Series 2023 Bonds as herein provided in any authorized denomination. Upon receipt by the Series 2023 Bond Registrar of all then Outstanding Series 2023 Bonds issued hereunder, together with a written request on behalf of the Designated Representative to the Series 2023 Bond Registrar, new Series 2023 Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(v) For so long as all Series 2023 Bonds are in fully immobilized form, such payments of principal and interest thereon shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

(e) In the event the Series 2023 Bonds are no longer in fully immobilized form, interest on the Series 2023 Bonds shall be paid by check or draft mailed to the Registered

Owners of the Series 2023 Bonds at the addresses for such Registered Owners appearing on the Bond Register on the Record Date. Principal of the Series 2023 Bonds shall be payable upon presentation and surrender of such Series 2023 Bonds by the Registered Owners at the principal office of the Series 2023 Bond Registrar.

(f) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Series 2023 Bond may be registered and Series 2023 Bonds may be exchanged, but no transfer of any such Series 2023 Bond shall be valid unless such Series 2023 Bond is surrendered to the Series 2023 Bond Registrar with the assignment form appearing on such Series 2023 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Series 2023 Bond Registrar. Upon such surrender, the Series 2023 Bond Registrar shall cancel the surrendered Series 2023 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Series 2023 Bond (or Series 2023 Bonds at the option of the new Registered Owner) of the same date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2023 Bond, in exchange for such surrendered and cancelled Series 2023 Bond. Any Series 2023 Bond may be surrendered to the Series 2023 Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of the Series 2023 Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Series 2023 Bond Registrar shall not be obligated to register the transfer or to exchange any Series 2023 Bond during the 15 days preceding the date any such Series 2023 Bond is to be redeemed.

(g) *Registrar's Ownership of Series 2023 Bonds.* The Series 2023 Bond Registrar may become the Registered Owner of any Series 2023 Bond with the same rights it would have if it were not the Series 2023 Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2023 Bonds.

Section 210. Redemption and Purchase.

(a) *Redemption.* The Series 2023 Bonds will be subject to optional and/or mandatory redemption prior to maturity pursuant to the Delegation Certificate.

(b) *Purchase of Bonds.* The City reserves the right to use at any time any Revenue of the System available after providing for payments required by Section 6(b) of the Master Ordinance, or other available funds, to purchase any of the Series 2023 Bonds offered to the City at any price deemed reasonable by the Designated Representative.

(c) *Selection of Bonds for Redemption.* As long as the Series 2023 Bonds are held in book-entry only form, the selection of Series 2023 Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Series 2023

Bonds are not held in uncertificated form, the selection of such Series 2023 Bonds to be redeemed shall be made as provided in this subsection (c). If the City redeems at any one time fewer than all of the Series 2023 Bonds having the same maturity date, the particular Series 2023 Bonds or portions of Series 2023 Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Series 2023 Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Series 2023 Bond as representing such number of separate Series 2023 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2023 Bond by \$5,000. If Series 2023 Bonds are called for optional redemption, portions of the principal amount of such Series 2023 Bonds, in installments of \$5,000 or any integral multiple of \$5,000, may be redeemed. If less than all of the principal amount of any Series 2023 Bond is redeemed, upon surrender of such Series 2023 Bond at the principal office of the Bond Registrar, there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Series 2023 Bond or Series 2023 Bonds, at the option of the Registered Owner, of like maturity and interest rate in any denomination authorized by this Ordinance.

(d) Notice of Redemption.

(i) *Official Notice.* Unless waived by any owner of the Series 2023 Bonds to be redeemed, official notice of any such redemption (which notice may be conditional) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Series 2023 Bond or Series 2023 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar. All official notices of redemption shall be dated and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) if fewer than all Outstanding Series 2023 Bonds issued hereunder are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (4) that on the redemption date the redemption price will become due and payable upon each such Series 2023 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(5) the place where such Series 2023 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Series 2023 Bonds or portions of Series 2023 Bonds which are to be redeemed on that date, unless the redemption notice specified a conditional redemption, and the condition was not fulfilled.

(e) *Conditional Notice.* Any notice of optional redemption given for the Series 2023 Bonds pursuant to this Section 210 may state that the optional redemption is conditional upon receipt by the Bond Registrar of amounts sufficient to pay the redemption price of such Series 2023 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 Bond Registrar to affected owners of the Series 2023 Bonds as promptly as practicable.

(f) *Effect of Notice.* Official notice of redemption having been given as aforesaid, the Series 2023 Bonds or portions of Series 2023 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Series 2023 Bonds or portions of Series 2023 Bonds shall cease to bear interest. Upon surrender of such Series 2023 Bonds for redemption in accordance with said notice, such Series 2023 Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Series 2023 Bond, there shall be prepared for the Registered Owner a new Series 2023 Bond or Series 2023 Bonds of the same maturity in the amount of the unpaid principal. All Series 2023 Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued. The City will not provide notices of redemption to Beneficial Owners of any Series 2023 Bond and notice to DTC in accordance with this Section shall constitute sufficient notice.

(g) *Additional Notice.* In addition to the foregoing notice, further notice shall be given by the Bond Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Series 2023 Bonds being redeemed; (B) the date of issue of the Series 2023 Bonds as originally issued; (C) the rate of interest borne by each Series 2023 Bond being redeemed; (D) the maturity date of each Series 2023 Bond being redeemed; and (E) any other descriptive information needed

to identify accurately the Series 2023 Bonds being redeemed. Each further notice of redemption shall be sent at least thirty (30) days before the redemption date by registered or certified mail, overnight delivery service or electronic means to the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rule Making Board as provided for by the Securities and Exchange Commission and located at www.emma.mrsb.org.

(h) *CUSIP Numbers*. Upon the payment of the redemption price of Series 2023 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if applicable, identifying, by issue and maturity, the Series 2023 Bonds being redeemed with the proceeds of such check or other transfer.

(i) *Amendment of Notice Provisions*. The foregoing notice provisions of this Section 210, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

ARTICLE III

Section 301. Creation of Accounts and/or Subaccounts under Funds.

(a) The following accounts and/or subaccounts under certain funds previously existing or created under the Master Ordinance are hereby created and/or ratified on the accounting records of the City:

(i) Series 2023 Debt Service Account, a subaccount under the Bond Fund created under the Master Ordinance, to be held by the City for payment of principal and interest of the Series 2023 Bonds;

(ii) Series 2023 Project Account, a subaccount of the Project Fund under the Master Ordinance, to be held by the City for payment of the Cost of Acquisition of the Series 2023 Project and to pay certain costs of issuance of the Series 2023 Bonds as provided hereinafter.

(b) There shall be deposited into the 2023 Debt Service Account the (i) Net Revenues and (ii) such other funds as the City shall designate as irrevocably available to pay principal and interest on the Series 2023 Bonds. The City shall make disbursements from the 2023 Debt Service Account in accordance with Section 401 below.

(c) There shall be deposited into the Series 2023 Project Account the Series 2023 Bonds proceeds referred to in Section 301(d) below to pay the Cost of Acquisition of the Series 2023 Project and certain costs of issuance of the Series 2023 Bonds, if funded.

(d) There shall be deposited into and disbursed from the Rebate Account created under the Master Ordinance the sums required under the Code.

(e) The Series 2023 Bonds are not secured by the Debt Service Reserve Account and are not subject to a Reserve Account Requirement. Accordingly, a subaccount within the Debt Service Reserve Account relating to the Series 2023 Bonds shall not be established by the City.

ARTICLE IV

Section 401. Pledge of Net Revenues. The City covenants and agrees that to pay the principal of and interest on the Series 2023 Bonds, the City shall transfer from the Revenue Fund such amounts sufficient, together with funds then on deposit in the 2023 Debt Service Account, to meet the debt service requirements on the Series 2023 Bonds.

The Net Revenues of the City are hereby pledged for the prompt payment of principal of and interest on the Series 2023 Bonds as the same become due on parity with all Outstanding Bonds.

Section 402. Non-Arbitrage. The proceeds of the sale of the Series 2023 Bonds shall not be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 2023 Bonds to be arbitrage bonds, within the meaning of Sections 103 or 148 of the Internal Revenue Code of 1986, as amended (the “Code”). The City covenants to and for the benefit of the holders of the Series 2023 Bonds from time to time that no use will be made of the proceeds of the issue and sale of the Series 2023 Bonds or any other funds or accounts of the City which might be deemed to be available proceeds of the Series 2023 Bonds pursuant to the provisions of Section 148 of the Code, and the applicable regulations, which, if such use had been reasonably expected on the date of delivery of and payment for the Series 2023 Bonds, would cause the Series 2023 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code. Pursuant to such covenant, the City obligates itself to comply throughout the term of the issue of the Series 2023 Bonds with the requirements of Section 148 of the Code, and any regulations promulgated thereunder. In addition, at closing and delivery of the Series 2023 Bonds the City shall execute a Tax Certificate stating that it will expend the proceeds of the Series 2023 Bonds in a manner that will comply with applicable Sections of the Code and that the Series 2023 Bonds will otherwise comply with the Code. The City shall comply with all provisions of said Tax Certificate, as shall be approved by the Delegated Officer. Such approval of said official of the City shall be conclusively established by the Delegated Officer’s execution of the Tax Certificate in its final form.

ARTICLE V

Section 501. Effect of Series Ordinance. To the extent that this Series Ordinance amends or supplements the Master Ordinance, the Master Ordinance shall be treated as so amended or supplemented

Section 502. Ratification. All proceedings, resolutions, ordinances, and actions of the Council, the City, and their officers, agents and employees taken in connection with the authorization, sale and issuance of the Series 2023 Bonds are hereby in all respects ratified, confirmed and approved and each Designated Representative of the City are hereby authorized and directed, for and in the name and on behalf of the City to do any and all things and take any and all actions and execute and deliver any and all closing certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Series 2023 Bonds in accordance with this Series Ordinance.

Section 503. Severability. It is hereby declared that all parts of this Series Ordinance are severable, and if any section, paragraph, clause, or provision of this Series Ordinance shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, paragraph, clause or provision shall not affect the remaining sections, paragraphs, clauses or provisions of this Series Ordinance.

Section 504. Conflict. All resolutions, orders and regulations or parts thereof heretofore adopted or passed which are in conflict with any of the provisions of this Series Ordinance are, to the extent of such conflict, hereby repealed.

Section 505. Captions. The table of contents and captions or headings herein are for convenience of reference only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Series Ordinance.

Section 506. Savings Clause. Except as amended and/or supplemented by this Series Ordinance, the Master Ordinance shall remain in full force and effect.

Section 507. Effective Date. That, pursuant to the affirmative vote of at least one-half (1/2) plus one (1) of the members of the Council, the rule requiring two (2) separate readings by title and one (1) reading in full be, and the same is hereby, dispensed with, and accordingly, this Series Ordinance shall be in full force and effect immediately upon its passage, approval, and publication, as provided by law.

Section 508. Publication. A summary of this Series Ordinance substantially in the form attached hereto as Exhibit F, which form is hereby approved, shall be published within one (1) month hereafter once in an issue of the *Idaho Mountain Express*, the official newspaper of the City, pursuant to Idaho Code, Section 50-901A, as amended.

[The remainder of this page has been left blank intentionally.]

APPROVED by the City Council of the City of Ketchum, Idaho, this [__]th day of [March], 2023.

APPROVED by the Mayor of the City of Ketchum, Idaho, this [__]th day of [March], 2023.

NEIL BRADSHAW, MAYOR

ATTEST:

By: _____
TRENT DONAT, CITY CLERK

(S E A L)

EXHIBIT A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF IDAHO

Registered No: R-_____ \$ _____

CITY OF KETCHUM, BLAINE COUNTY, STATE OF IDAHO
WASTEWATER REVENUE BONDS, SERIES 2023

INTEREST RATE: _____% MATURITY DATE: September 1, 20____ DATED DATE: _____, 2023 CUSIP: _____

REGISTERED OWNER: ** CEDE & CO. **

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

KNOW ALL BY THESE PRESENTS that the City of Ketchum, Blaine County, State of Idaho (the "City"), acknowledges itself indebted and for value received hereby promises to pay from its Net Revenues deposited to the Bond Fund to the registered owner, or registered assigns specified above, on the maturity date specified above, the principal sum indicated above, and to pay interest thereon from the aforesaid Bond Fund from the dated date specified above, or the most recent date to which interest has been paid or duly provided for, at the rate specified above, payable on September 1, 2023, and semiannually thereafter on September 1 and March 1 of each year until the date of maturity or prior redemption of this Bond.

Principal, interest, and any redemption premium with respect to this Bond are payable in lawful money of the United States of America to the registered owner hereof whose name and address appear on the registration books of the Series 2023 Bond Registrar. Interest shall be paid by the Series 2023 Bond Registrar to the registered owner at the address shown on the Bond Register on the fifteenth (15th) day of the month prior to the interest payment date, or at such other address as may be furnished in writing by such registered owner to the Series 2023 Bond Registrar. Principal shall be paid to the registered owner upon presentation and surrender of this Bond on or after the date of maturity or prior redemption at the designated corporate trust operations agency office of the Bond Registrar.

This Bond is one of a duly authorized issue of bonds designated the "City of Ketchum, Blaine County, State of Idaho, Wastewater Revenue Bonds, Series 2023" (the "Series 2023 Bonds") issued in the aggregate principal amount of \$_____, under and equally and ratably secured by the Ordinance (as defined below). The Series 2023 Bonds have been issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly, the Revenue Bond Act, Idaho Code, Sections 50-1027 through 50-1042, inclusive,

and the Municipal Bond Law of the State of Idaho, being Idaho Code, Title 57, Chapter 2, and proceedings duly adopted and authorized by the City, including the City's Ordinance No. 1247 adopted by the City on [____], 2023 (the "Master Ordinance") and the City's Ordinance No. 1248 adopted by the City on [____], 2023 (the "Series Ordinance" and together with the Master Ordinance, collectively the "Ordinance"). This Bond and the Series 2023 Bonds of this issue are issued for the purpose of financing the costs of construction of certain improvements to the City's Wastewater System, and payment of the costs of issuance of the Series 2023 Bonds. The City may issue Parity Bonds and Refunding Bonds having a lien on the Net Revenues under the Master Ordinance equal to, and on parity with, the Series 2023 Bonds upon compliance with the provisions of the Master Ordinance. The term "Bonds" as used herein shall refer to any of the revenue bonds of the City authorized and issued under the Master Ordinance, including the Series 2023 Bonds and any Parity Bonds and Refunding Bonds secured by the Revenues on an equal basis with the Series 2023 Bonds. All Bonds issued under the Master Ordinance and excluding Subordinate Obligations, are equally and ratably secured by the pledges and covenants contained therein. Capitalized terms not otherwise defined in this Bond shall have the meanings ascribed thereto in the Master Ordinance and if not therein, then in the Series Ordinance.

The Series 2023 Bonds are initially issued in the form of a separate single certificated fully registered bond for each maturity, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

Unless this Bond is presented by an authorized representative of DTC to the Series 2023 Bond Registrar for registration of transfer, exchange or payment, and this Bond is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, since the registered owner hereof, Cede & Co., has an interest herein.

This Bond may be exchanged, transferred or replaced only as provided in the Ordinance. The ownership of this Bond must be registered upon the books of the Series 2023 Bond Registrar as provided in the Series Ordinance. The Series 2023 Bond Registrar may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Series 2023 Bond Registrar shall not be affected by any notice to the contrary. So long as the ownership of the Series 2023 Bonds is maintained in book-entry form by DTC (the "Securities Depository") or a nominee thereof, this Bond may be transferred in whole but not in part only to the Securities Depository or a nominee thereof or to a successor Securities Depository or its nominee.

The Series 2023 Bonds maturing on or before September 1, 20[___], shall not be subject to call for optional redemption prior to their stated dates of maturity. On any date on or after March 1, 20[___], at the election of the City, the Series 2023 Bonds maturing on and after September 1, 20[___], shall be subject to optional redemption, in whole or in part, in maturities as selected by the Issuer, upon notice as hereinafter provided, at par, plus accrued interest to the redemption date.

The Series 2023 Bonds with the maturity date of September 1, 20[___], are subject to mandatory sinking fund redemption prior to maturity and in part by lot at a redemption price of

100% of the principal amount thereof plus accrued interest to the redemption date from the following principal amounts, constituting sinking fund installments due in the following years:

<u>Redemption Date</u>	<u>Principal Amount</u>
<u>September 1</u>	
*	\$

*Final maturity

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Series 2023 Bond Registrar.

THIS BOND IS A LIMITED OBLIGATION OF THE CITY, PAYABLE SOLELY FROM THE NET REVENUES AS DEFINED IN THE ORDINANCE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, STATE OF IDAHO, NOR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED FOR PAYMENT OF THIS BOND.

IT IS HEREBY CERTIFIED, RECITED, and DECLARED that all conditions, acts, and things essential to the validity of this Bond do exist, have happened, and have been done, and that every requirement of law affecting the issue hereof has been duly complied with; that the Net Revenues have been and are hereby pledged on a parity with any Bonds permitted under the Master Ordinance and will be deposited into the Bond Fund in amounts sufficient for the payment of principal of and interest on this Bond. Only the Net Revenues are pledged and none of the City's general fund revenues are pledged to the payment of the Bonds.

IT IS HEREBY FURTHER CERTIFIED AND DECLARED that all acts, conditions, and things required by the Constitution and statutes of the State of Idaho to exist, to have happened, been done, and performed precedent to and in the issuance of this Bond have happened, been done, and performed, and that the issuance of this Bond and the Series 2023 Bonds of this issue does not violate any Constitutional, statutory, or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Ketchum, Idaho, has caused this Bond to be executed by the facsimile signature of its Mayor, countersigned by the facsimile signature of its Treasurer, and attested by the facsimile signature of its City Clerk, and a facsimile of the seal of the City to be reproduced hereon, this _____ day of _____, 2023.

CITY OF KETCHUM, IDAHO

By: _____
Mayor

COUNTERSIGNED:

By: _____
Treasurer

ATTEST:

By: _____
City Clerk

SEAL

CERTIFICATE OF AUTHENTICATION

This Bond is one of the City of Ketchum, Blaine County, Idaho, Wastewater Revenue Bonds, Series 2023 described in the within mentioned Ordinance.

Date of Authentication: _____, 2023

ZIONS BANCORPORATION, NATIONAL
ASSOCIATION, AS SERIES 2023 BOND
REGISTRAR

By: _____
Authorized Signatory, Zions Bank
Division

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Name of Transferee: _____

Address: _____

Tax Identification No.: _____

the within Bond and hereby irrevocably constitutes and appoints

of _____

to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Bondowner

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

NOTICE: Signature(s) must be guaranteed by an “eligible guarantor institution” that is a member of or a participant in a signature guarantee program (e.g., the Securities Transfer Agents Medallion Program, the Stock Exchange Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program).

* * * * *

EXHIBIT B

FORM NOTICE OF PRIVATE NEGOTIATED BOND SALE

Pursuant to Idaho Code, Section 57-215(2), public notice is hereby given by the City of Ketchum, Blaine County, Idaho (the “City”), of negotiation for and private sale to Piper Sandler & Co. (the “Underwriter”) of its Wastewater Revenue Bonds, Series 2023, in the principal amount not to exceed \$_____ (the “Bonds”) pursuant to a Bond Purchase Agreement between the City and the Underwriter (“Bond Purchase Agreement”) to be executed on the date of sale of the Bonds and setting forth the final terms and provisions of the Bonds. The Bonds are authorized to be issued by the City’s Council pursuant to Ordinance No. 1247, adopted on [____], 2023 (the “Master Ordinance”) and Ordinance No. 1248, adopted [____], 2023 (the “Series Ordinance” and together with the Master Ordinance, the “Bond Ordinance”). The sale of the Bonds, upon satisfying certain requirements contained in the Series Ordinance pursuant to Idaho Code, Section 57-235, is expected to occur on or around _____, 2023. Additional information concerning the terms and provisions of the Bonds, the Bond Ordinance, the Bond Purchase Agreement, the security for payment of the Bond, and other pertinent information relating to the Bonds is available for public inspection at the offices of the City at 191 5th Street West, Ketchum, Idaho, attention Jade Riley, City Administrator.

Dated: _____, 2023.

CITY OF KETCHUM, BLAINE COUNTY,
IDAHO

By: Jade Riley, City Administrator

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

(ATTACHED)

EXHIBIT D

FORM OF TERMS CERTIFICATE

The undersigned official of the City of Ketchum, Blaine County, Idaho (the “City”), as a Delegated Officer, does hereby certify as follows (capitalized terms used herein and not defined have the meanings assigned to such terms in the Ordinance, hereinafter defined):

1. The undersigned is familiar with the City’s Ordinance No. 1247 adopted [____], 2023 (the “Master Ordinance”), as supplemented by Series Ordinance No. 1248 adopted on [____], 2023 (the “Series Ordinance,” and collectively with the Master Ordinance, the “Bond Ordinance”) to authorize issuance of the City’s Wastewater Revenue Bonds, Series 2023 (the “Series 2023 Bonds”) and related documents, which Series 2023 Bonds is sold this date to Piper Sandler & Co. (the “Underwriter”) pursuant to the Bond Purchase Agreement dated _____, 2023, between the City and the Underwriter (the “Bond Purchase Agreement”).

2. Section 207 of the Series Ordinance delegated to the undersigned, as a Delegated Officer, the power to make certain determinations on the date of sale of the Series 2023 Bonds.

3. Pursuant to such delegation, the undersigned Delegated Officer hereby determines as follows:

- a. Details of the terms of the Series 2023 Bonds are reflected in the final bond sale number schedules provided by the Underwriter to the City this date, which schedules are attached as Exhibit A hereto.
- b. The scheduled rates of interest to be borne by the Bonds are reflected on the attached Exhibit A.
- c. The rates of interest to be borne by the Series 2023 Bonds, as measured by the true interest costs, is ____% per annum.
- d. The principal amount of the Series 2023 Bonds is \$_____.
- e. The Principal Payment Date, the Interest Payment Date and the amount of principal of the Series 2023 Bonds maturing, or subject to mandatory sinking fund redemption, in any particular year are reflected on the attached Exhibit A.
- f. The final maturity of the Series 2023 Bonds is _____.

- g. The Series 2023 Bonds are sold at the purchase price of \$_____, representing the principal amount thereof, plus net premium in the amount of \$_____, less underwriter's discount of \$_____.
- h. The Series 2023 Bonds are subject to optional redemption as set forth in Exhibit A hereto.
- i. The amount of proceeds of the Series 2023 Bonds to be deposited to the Series 2023 Project Account within the Project Fund is \$_____.

4. The undersigned Delegated Officer hereby certifies the final terms and provisions of the Series 2023 Bonds, as described above and in the attached Exhibit A, are consistent with, not in excess of and no less favorable than the terms set forth in Section 207 of the Series Ordinance and as approved by the electorate of the City pursuant to the Bond Election.

5. The undersigned Delegated Officer has therefore executed and delivered the Bond Purchase Agreement this date.

DATED: _____, 2023.

CITY OF KETCHUM, BLAINE COUNTY,
IDAHO

By: _____
Title: _____

EXHIBIT "A"
DESCRIPTION OF CERTAIN TERMS OF THE BONDS

EXHIBIT E

CITY OF KETCHUM BLAINE COUNTY, IDAHO

Summary of Ordinance No. 1248, passed [_____] , 2023

SERIES ORDINANCE

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, AUTHORIZING THE ISSUANCE OF ITS WASTEWATER REVENUE BONDS, SERIES 2023, TO PROVIDE FUNDS NECESSARY TO FINANCE IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM; FIXING THE FORM OF THE BONDS TO BE ISSUED; AUTHORIZING EXECUTION AND DELIVERY OF BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT; DELEGATING AUTHORITY TO APPROVE THE TERMS AND PROVISIONS OF THE SALE OF THE BONDS PURSUANT TO A BOND PURCHASE AGREEMENT; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF THE BONDS; PLEDGING REVENUES FOR PAYMENT OF DEBT SERVICE ON BONDS; PROVIDING FOR CERTAIN FEDERAL TAX COVENANTS WITH RESPECT TO THE BONDS; PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO; ORDERING PUBLICATION; APPROVING A SUMMARY OF THE ORDINANCE; PROVIDING FOR WAIVER OF THE READING RULES AND PROVIDING AN EFFECTIVE DATE.

CITY OF KETCHUM, BLAINE COUNTY, STATE OF IDAHO WASTEWATER REVENUE BONDS, SERIES 2023

Section 101 (Definitions) defines certain capitalized terms used in the Series Ordinance.

Section 201 (Authority for Series Ordinance) Provides that the Series Ordinance is adopted by the City of Ketchum, Blaine County, Idaho (the "City") pursuant to the provisions of the Act and the Master Ordinance

Section 202 (Finding and Purpose) Provides findings and determinations required to provide funds to finance and refinance certain improvements to the City's Wastewater System with proceeds of issuance and sale of the Series 2023 Bonds.

Section 203 (Authorization of Series 2023 Bonds, Designation; Confirmation of Pledged Revenues) Authorizes the Series 2023 Bonds; provides the designation of the Series 2023 Bonds, and security of payment thereof from Net Revenues.

Section 204 (Issue Date) Provides that the issue date shall be the date of delivery of the Series 2023 Bonds.

Section 205 (Description of the Series 2023 Bonds) Provides that the Series 2023 Bonds shall be issued in fully registered form in Authorized Denominations; provides the form of the Series 2023 Bonds; and

provides that principal and interest on the Series 2023 Bonds shall be payable as provided in the Delegation Certificate.

Section 206 (Authorization of Actions Preliminary to Sale of Series 2023 Bonds) Provides for the negotiated sale of the Series 2023 Bonds to the Underwriter; authorizes publication of a notice pursuant to Idaho Code, Section 57-215; and approves substantial forms of the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Continuing Disclosure Agreement.

Section 207 (Sale of Series 2023 Bonds, Delegation Authority) Provides for delegation to the City Administrator, a Delegated Officer, to approve the final terms of the Series 2023 Bonds and for execution by the Delegated Officer of the Terms Certificate upon approval of the final terms.

Section 208 (Execution of Series 2023 Bonds) Provides for the manner of execution of the Series 2023 Bonds.

Section 209 (Registration of Series 2023 Bonds) Provides that Zions Bancorporation, National Association shall act as Series 2023 Bond Registrar for the Series 2023 Bonds and provides for the registration of the Series 2023 Bonds.

Section 210 (Redemption and Purchase) Provides for the manner of redeeming and/or purchasing the Series 2023 Bonds by the City.

Section 301 (Creation of Accounts and/or Subaccounts under Funds) Creates and/or ratifies the following: 2023 Debt Service Account under Bond Fund for payment of debt service on the Series 2023 Bonds; Series 2023 Project Account under the Project Fund for payment of the costs of the Series 2023 Project and costs of issuance of the Series 2023 Bonds.

Section 401 (Pledge of Revenues) Provides that the City shall not take any action to cause the Series 2023 Bonds to be arbitrage bonds, within the meaning of Section 103 and 148 of the Code.

Section 402 (Non-Arbitrage) Authorizes the City's Tax Certificate to comply with federal tax requirements.

Section 501 (Effect of Series Ordinance) Provides that the Master Ordinance is amended and supplemented as provided by the Series Ordinance.

Section 502 (Ratification) Ratifies, confirms, and approves all proceedings, resolutions, and ordinances in connection with the sale and issuance of the Series 2023 Bonds.

Section 503 (Severability) Provides that other covenants and agreements in the Series Ordinance are not affected if one is made invalid.

Section 504 (Conflict) Repeals all resolutions, orders and regulations or parts thereof conflicting with the Series Ordinance.

Section 505 (Captions) Provides that table of contents and captions and headings are for convenience only.

Section 506 (Savings Clause) Provides that except as amended by the Series Ordinance, the Master Ordinance shall remain in full force and effect.

Section 507 (Effective Date) Provides that the Series Ordinance shall take effect from and after its passage and publication of this summary as required by law.

Section 508 (Publication) Provides for the publication of a summary of the Series Ordinance and approves the form and content of this Summary of Ordinance.

Exhibit A: Sets forth the substantial form of the Series 2023 Bonds.

Exhibit B: Sets forth the substantial form of the Notice of Private Negotiated Bond Sale.

Exhibit C: Sets forth the substantial form of the Bond Purchase Agreement.

Exhibit D: Sets forth the substantial form of the Terms Certificate.

Exhibit E: Sets forth this summary for publication.

The full text of Ordinance No. 1248 is available at City Hall and will be provided to any citizen upon personal request during normal office hours.

DATED this ____ day of [____], 2023.

CITY OF KETCHUM, IDAHO

By: _____
NEIL BRADSHAW, MAYOR

ATTEST:

TRENT DONAT, CITY CLERK

I, the undersigned City Attorney for and legal advisor to the City of Ketchum, Idaho, hereby certify that I have read the foregoing Summary of Ordinance No. ____ of the City of Ketchum, and that the same is true and complete and provides adequate notice to the public of the contents of said Ordinance.

DATED this ____ day of [____], 2023.

City Attorney

CITY OF KETCHUM, IDAHO

BOND PURCHASE AGREEMENT

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BOND PURCHASE AGREEMENT

1. Parties and Relevant Dates

Issuer: City of Ketchum, Idaho.

Underwriter: Piper Sandler & Co.

Securities: \$[] Wastewater Revenue Bonds, Series 2023.

Acceptance Deadline: April 11, 2023 10:00 p.m. (Mountain time).

Closing Date: April 25, 2023.

2. Defined Terms

All capitalized terms used in this Agreement and not otherwise defined are used as defined in the Authorizing Documents or the Official Statement:

Acceptance Deadline: The date set forth in Section 1, being the date and time by which the Issuer must accept this Agreement.

Accountants: Workman & Company, Twin Falls, Idaho, the public accountants of the Issuer and/or any entity whose audited financial statements are included in the Preliminary Official Statement and the Official Statement.

Act: Chapter 10, Title 50 and Chapter 2, Title 57, Idaho Code, as amended.

Agreement: This Bond Purchase Agreement, dated the Effective Date, including **Schedule I** attached hereto.

Authorizing Documents: Master Ordinance No. __ and Series Ordinance No. __ adopted by the City Council of the Issuer on March 27, 2023, authorizing the issuance of the Securities, as amended and supplemented to the Closing Date.

Bond Counsel: Skinner Fawcett LLP.

Closing Date: The date set forth in Section 1 of this Agreement, being the date of the issuance and delivery of the Securities.

Continuing Disclosure Undertaking: The continuing disclosure undertaking or agreement, if any, entered into by the Issuer with respect to the Securities in accordance with Rule 15c2-12 (which may be a separate document or may be included in the Authorizing Documents or another Issuer Document).

Creditors' Rights Laws: Limitations on enforceability as may result from bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution.

Disclosure Counsel: Skinner Fawcett LLP.

DTC: The Depository Trust Company.

Effective Date and Time: The date and time that this Agreement is effective, as set forth in Section 1 of this Agreement.

End of the Underwriting Period: The later of (i) the Closing Date or (ii) when the Underwriter no longer retains an unsold balance of the Securities.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Excluded Sections: For purposes of the representations and warranties of the Issuer set forth in Section 9(a)(viii), the indemnification provisions set forth in Section 16 and the opinions of Issuer's Counsel and Disclosure Counsel required pursuant to Section 13, the "Excluded Sections" of the Preliminary Official Statement and the Official Statement shall be: (i) the section describing DTC and its book-entry-only procedures, (ii) the section captioned "Underwriting" if provided in writing by the Underwriters and (iii) the following additional sections, if any: offering price(s), interest rate(s), selling compensation, aggregate principal amount, delivery dates, credit enhancement, if any, ratings, and other terms of the Securities depending on such matters.

Issuer: The Issuer of the Securities, identified in Section 1.

Issuer Documents: All financing documents to which the Issuer is a party relating to the issuance of and security for the Securities, as such documents are amended and supplemented to the Closing Date, including, but not limited to:

- (i) this Agreement,
- (ii) any Continuing Disclosure Undertaking, if contained separately or in the Authorizing Documents,
- (iii) other applicable financing or operative documents to which the Issuer is a party, as such documents are amended and supplemented to the Closing Date, including any trust indenture, loan agreement, security instrument, remarketing agreement and any agreement with the Bond Insurer or Support Facility Provider, if any, as set forth below:

Issuer's Counsel: White, Peterson, Gigray & Nichols, P.A.

MSRB: Municipal Securities Rulemaking Board.

Official Statement: The Official Statement relating to the Securities dated the date of sale of the Securities pursuant to this Agreement, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

Paying Agent: Zions Bancorporation, National Association, acting as paying agent for the Securities.

Policy: A municipal bond insurance policy, if any, issued by the Bond Insurer, insuring the payment when due of principal of and interest on the Securities (or certain specified series or maturities), as identified in the Agreement and Acceptance.

Preliminary Official Statement: Preliminary Official Statement dated _____, 2023, relating to the Securities, together with all appendices or exhibits, any materials incorporated by reference therein and any amendments or supplements thereto.

Primary Offering Disclosure Period: The period commencing with the first submission to an underwriter of an order for the purchase of the Securities or the purchase of such Securities from the Issuer, whichever first occurs, and ending 25 days after the final delivery by the Issuer or its agent of all Securities to or through the underwriting syndicate or sole underwriter.

Purchase Price: The amount specified in Section 5 as the Purchase Price to be paid by the Underwriter at the Closing for the purchase of the Securities on the Closing Date.

Rule 15c2-12: Rule 15c2-12 promulgated by the SEC under the Exchange Act.

SEC: Securities and Exchange Commission of the United States.

Securities: The Securities identified in Section 1 on the first page of this Agreement, as more specifically described in **Schedule I**.

Securities Act: The Securities Act of 1933, as amended.

State: Idaho.

Trust Estate: The revenues and/or other funds pledged or otherwise identified by the Issuer as security or the source of payment for the Securities as set forth in the Authorizing Documents.

Trust Indenture Act: Trust Indenture Act of 1939, as amended.

Underwriter: The firm identified as such in Section 1 of this Agreement.

3. Offer to Purchase the Securities; Execution of Terms and Acceptance

The Issuer and the Underwriter are entering into this Bond Purchase Agreement (the “*Agreement*”), to provide for the purchase and sale of the Securities. The Securities are further described in **Schedule I**.

The Underwriter hereby offers to purchase all (but not less than all) of the Securities from, and to enter into this Agreement with, the Issuer. This offer is subject to acceptance by the Issuer by the Acceptance Deadline and, if not so accepted, will be subject to withdrawal by the Underwriter by written notice delivered to the Issuer at any time prior to acceptance. The Issuer shall accept this Agreement by its execution hereof. Upon such execution, the Agreement will be binding upon the Underwriter and the Issuer. This Agreement is effective as of the Effective Date and Time.

4. Purchase of the Securities

The Underwriter shall purchase from the Issuer, and the Issuer shall sell to the Underwriter, all (but not less than all) of the Securities on the Closing Date at the aggregate Purchase Price set forth below, plus accrued interest, if any. The Securities shall bear interest at the rates per annum, mature on the dates, be sold to the public at the prices and be subject to optional and mandatory sinking fund redemption prior to maturity and to such other terms and provisions, all as set forth in **Schedule I**. The Securities otherwise shall be as described in the Official Statement, the Authorizing Documents, and the Issuer Documents. The Underwriter's agreement to purchase the Securities from the Issuer is made in reliance upon the Issuer's representations, covenants and warranties and on the terms and conditions set forth in this Agreement.

The Issuer acknowledges and agrees that: (i) the primary role of Piper Sandler & Co., as an underwriter, is to purchase securities for resale to investors in an arms-length commercial transaction between the Issuer and Piper Sandler and that Piper Sandler & Co. has financial and other interests that differ from those of the Issuer (ii) Piper Sandler & Co. is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or any other person or entity and has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether Piper Sandler has provided other services or is currently providing other services to the Issuer on other matters) (iii) the only obligations Piper Sandler & Co. has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement and (iv) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

5. Purchase Price

The Purchase Price of the Securities is \$_____ (representing the principal amount of the Securities, less an Underwriter's discount of \$_____, and less/plus net original issue discount/premium of \$_____), plus accrued interest, if any, to the Closing Date. The Purchase Price shall be payable on the Closing Date by the Underwriter to or as directed by the Issuer by wire transfer in immediately available funds.

6. Public Offering

The Underwriter agrees to make a bona fide initial public offering of all the Securities in compliance with federal and state securities laws, at a price not in excess of the initial offering price set forth in the Official Statement. The Underwriter may change the initial offering price or prices as they deem necessary in connection with the offering of the Securities without any requirement of prior notice, and may offer and sell the Securities to certain institutions at prices lower than those stated in the Official Statement. Upon the request of Bond Counsel, the Underwriter shall execute and deliver prior to the Closing an issue price certificate or similar certificate in form and substance reasonably satisfactory to Bond Counsel and the Underwriter.

7. Official Statement

The Issuer hereby consents to and ratifies the use and distribution by the Underwriter of the Official Statement in connection with the public offering and sale of the Securities by the Underwriter. The Issuer hereby represents and warrants that the Official Statement previously

furnished to the Underwriter was “deemed final” by the Issuer as of its date for purposes of Rule 15c2-12.

(a) The Issuer, at its cost, shall provide, or cause to be provided, to the Underwriter within seven business days after the date of this Agreement (or within such shorter period as may be approved by the Underwriter or required by applicable rule) such number of copies of a final Official Statement as reasonably requested by the Underwriter, but in sufficient quantity to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12, and Rule G-32 and any other applicable rules of the SEC and the MSRB.

(b) The Issuer authorizes the Underwriter to file, to the extent required by any applicable SEC or MSRB rule, and the Underwriter agrees to so file, the Official Statement with the MSRB or its designee. If an amended Official Statement is prepared during the “primary offering disclosure period,” and if required by any applicable SEC or MSRB rule, the Underwriter also shall make the required filings of the amended Official Statement. The Issuer shall provide the Underwriter with the information necessary to complete MSRB Form G-32 for all filings to be made under this Section 8.

(c) The Preliminary Official Statement and the Official Statement may be delivered in printed and a “designated electronic format” as defined in the MSRB’s Rule G-32 and as may be agreed by the Issuer and the Underwriter. If the Official Statement has been prepared in electronic form, the Issuer hereby confirms that it does not object to distribution of the Official Statement in electronic form.

(d) The Issuer shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter. The Issuer covenants to notify the Underwriter promptly if, on or prior to the 25th day after the End of the Underwriting Period, (or such other period as may be agreed to by the Issuer and the Underwriter) any event shall occur, or information comes to the attention of the Issuer, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and if in the opinion of the Underwriter such event requires the preparation and distribution of a supplement or amendment to the Official Statement, to prepare and furnish to the Underwriter, at the Issuer’s expense, such number of copies of the supplement or amendment to the Official Statement, in (i) a “designated electronic format” consistent with the requirements of the MSRB’s Rule G-32 and (ii) a printed format form in substance mutually agreed upon by the Issuer and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing Date, the Issuer also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

8. Representations and Warranties

(a) Representations and Warranties of the Issuer. The Issuer hereby agrees with, and makes the following representations and warranties to, the Underwriter, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(i) The Issuer is duly created and existing under the constitution and laws of the State and has full legal right, power and authority under the constitution and laws of the State, including the

Act, to adopt the Authorizing Documents, to execute and deliver the Issuer Documents and the Official Statement, to issue, sell and deliver the Securities as provided herein, and to carry out and to consummate the transactions contemplated by the Authorizing Documents, the Issuer Documents and the Official Statement.

(ii) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized and approved (A) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement for use by the Underwriter in connection with the public offering of the Securities, (B) the issuance and sale of the Securities upon the terms set forth herein and as contemplated by the Authorizing Documents, the Issuer Documents and the Official Statement and (C) the execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Securities, the Authorizing Documents and the Issuer Documents.

(iii) The Securities will be issued in conformity with and entitled to the benefit and security of the Authorizing Documents and the Issuer Documents, including the pledge or application thereunder of the Trust Estate.

(iv) This Agreement constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms; the other Issuer Documents, when duly executed and delivered, will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms; and the Securities, when issued, authenticated and delivered in accordance with the Issuer Documents and sold to the Underwriter as provided herein, will be the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms; in all cases, except as the enforceability of this Agreement, the other Issuer Documents and the Securities may be limited by application of Creditors' Rights Laws.

(v) The Issuer is not in breach of or default in any material respect under (if applicable) its charter documents, its articles of incorporation or its bylaws or under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any of the foregoing.

(vi) Except as may be described in the Preliminary Official Statement or the Official Statement, the Issuer is not in breach of or default in any material respect under (if applicable) its charter documents, its articles of incorporation or its bylaws or under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Issuer under any of the foregoing.

(vii) The adoption, execution and delivery of the Securities, the Authorizing Documents and the Issuer Documents, and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its

property or assets are otherwise subject, and such adoption, execution, delivery or compliance will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature upon the Trust Estate or the property or assets, if any, of the Issuer to be pledged to secure the Securities or under the terms of any such law, regulation or instrument, except as provided by the Securities, the Authorizing Documents and the Issuer Documents.

(viii) All authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect, the issuance of the Securities or the due performance by the Issuer of its obligations under the Authorizing Documents, the Issuer Documents and the Securities have been duly obtained or will be obtained prior to the Closing.

(ix) The Preliminary Official Statement as of its date did not, and the Official Statement as of its date does not and as of the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, the Issuer makes no statement as to the Excluded Sections of the Preliminary Official Statement or the Official Statement.

(x) The financial statements of the Issuer contained in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of operations of the Issuer as of the dates and for the periods therein set forth in accordance with generally accepted accounting principles consistently applied, and, since the date thereof, there has been no material adverse change in the financial position or results of operations of the Issuer.

(xi) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (A) affecting the existence of the Issuer or the titles of its officers to their respective offices, (B) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Securities or the pledge or collection by the Issuer of the Trust Estate or the making of any other required deposits with respect to the Securities, (C) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to issue, adopt or to enter into (as applicable), the Securities, the Authorizing Documents or the Issuer Documents, (D) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, (E) except as disclosed in the Official Statement, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to pledge or apply the Trust Estate or to pay debt service on the Securities, or (F) contesting the status of the interest on the Securities as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax, in each case as described in the Official Statement.

(xii) The Issuer has received all licenses, permits or other regulatory approvals required, if any, for the pledge, collection and/or application by the Issuer of the Trust Estate and the Issuer is not in material default, and no event has occurred which would constitute or result in a material default, under any such licenses, permits or approvals.

(xiii) As required in accordance with Rule 15c2-12, the Issuer has entered or will enter into the Continuing Disclosure Undertaking and, unless otherwise described in the Official Statement or

set forth below, the Issuer has not failed during the previous five years to comply in all material respects with any previous undertakings in a written continuing disclosure contract or agreement under Rule 15c2-12.

(xiv) The Authorizing Documents, the Issuer Documents and the Securities conform to the description thereof contained in the Official Statement.

(xv) The Issuer has the legal authority to apply proceeds of the Securities for the purposes contemplated by the Authorizing Documents and the Issuer Documents, including for the payment or reimbursement of incidental expenses in connection with the marketing, issuance and delivery of the Securities to the extent required by this Agreement and in compliance with applicable law.

(b) Covenants of the Issuer.

The Issuer hereby covenants with the Underwriter that:

(i) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the Issuer shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the Trust Estate or other assets, properties, funds or interests that will be pledged as security for the Securities pursuant to the Authorizing Documents and the Issuer Documents.

(ii) The Issuer shall cooperate with the Underwriter in the qualification of the Securities for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions, to the extent applicable, as the Underwriter may request; provided that the Issuer shall not be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state or to file any general or special consents to service of process under the laws of any jurisdiction.

(iii) The Issuer shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable state tax, of the interest on the Securities.

(c) Representations and Warranties of the Underwriter. The Underwriter hereby agrees with, and makes the following representations and warranties to, the Issuer, as of the date hereof and as of the Closing Date, which representations and warranties shall survive the Closing:

(i) The Underwriter is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(ii) This Agreement has been duly authorized, executed and delivered by the Underwriter and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of the Underwriter enforceable in accordance with its terms, except as the enforceability of this Agreement may be limited by application of Creditors' Rights Laws.

(iii) The Underwriter represents that it is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

9. Ratings

The following ratings on the Securities shall be in effect on the Closing Date:

S&P: _____

10. Closing

(a) The delivery of and payment for the Securities shall be the “Closing” for the Securities and shall occur at or prior to 1:00 p.m., Eastern time, on the Closing Date, or at such other time or on such other date as may be mutually agreed by the Underwriter and the Issuer. The location of the Closing shall be the offices of Bond Counsel.

(b) At the Closing, the Issuer shall deliver or cause to be delivered the Securities to DTC or to the Trustee or Paying Agent on behalf of the Underwriter, as further described in paragraph (c) below. The Securities shall be delivered in definitive form, duly executed by the Issuer and authenticated by the Trustee or Paying Agent, together with the other documents identified in Section 12. Subject to satisfaction of the conditions contained in this Agreement, the Underwriter will accept delivery of the Securities as described above and pay the Purchase Price, plus accrued interest, if any, on the Securities from their dated date to, but not including, the Closing Date, in immediately available funds, payable to the order of the Trustee or as otherwise directed by the Issuer. If as set forth in **Schedule I** the Underwriter is to be paid an underwriting commission (in lieu of receiving an underwriting discount), the Issuer shall pay the underwriting commission to the Underwriter in immediately available funds on the Closing Date.

(c) Delivery of the definitive Securities shall be made through the facilities of DTC’s book-entry-only system in New York, New York, or at such other location as may be designated by the Underwriter prior to the Closing. The Securities will be delivered as fully-registered bonds, bearing CUSIP numbers, with a single bond for each maturity of each series of the Securities (or, if so provided in **Schedule I**, for each separate interest rate within a maturity), and registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Securities. Unless otherwise requested by the Underwriter, the Securities will be delivered under DTC’s FAST Automated Securities delivery system.

11. Closing Conditions

The Underwriter shall receive on the Closing Date, in form and substance satisfactory to Bond Counsel and to the Underwriter, each item specified below, unless waived by the Underwriter:

- (i) The approving opinion of Bond Counsel, addressed to the Underwriter (or addressed to the Issuer with a reliance letter addressed to the Underwriter), dated the Closing Date, and in substantially the form included as an appendix to the Official Statement.
- (ii) The Supplemental Opinion of Bond Counsel dated the Closing Date and addressed to the Underwriter as to descriptions of the Securities in the Official Statement and that the Securities are exempt from registration under the Securities Act and that the Resolution is exempt from qualification under the Trust Indenture Act.

- (iii) The opinion of Issuer's Counsel, dated the Closing Date and addressed to the Underwriter and Bond Counsel as to the existence of the Issuer, the authority of the Issuer to adopt the Authorizing Documents and enter the Issuer Documents, no litigation, and such other matters as the Underwriter and the Bond Counsel may reasonably request.
- (iv) A certificate dated the Closing Date of an authorized officer of the Issuer to the effect that:
 - (A) the representations and warranties of the Issuer contained in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date;
 - (B) the Issuer has complied with all of the agreements herein and satisfied all of the conditions on its part to be performed or satisfied at or prior to the Closing;
 - (C) no event affecting the Issuer has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information contained in the Preliminary Official Statement or the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and
 - (D) there is no action, suit, proceeding or investigation before or by any court or public board or body pending or threatened against the Issuer to restrain or enjoin the issuance, execution or delivery of the Securities or in any manner questioning the Authorizing Documents proceedings or authority for the issuance of the Securities or affecting directly or indirectly the validity of the Securities or of any provisions made or authorized for their payment or contesting the existence of the Issuer or the authority of any of its officers to their respective offices.
- (v) Written evidence that the rating(s) on the Securities by the applicable rating services, as set forth in Section 10, are in effect as of the Closing Date.
- (vi) A copy of the Blanket Letter of Representations to DTC relating to the Securities signed by the Issuer.
- (vii) True and complete copies of all opinions, certificates and other documents delivered to the Underwriter under the Authorizing Documents and the Issuer Documents; and such additional legal opinions, certificates, instruments and other documents as the Underwriter or Bond Counsel reasonably may request, in form and substance satisfactory to the Underwriter or Bond Counsel, as the case may be, to evidence (A) compliance by the Issuer with legal requirements reasonably relating to the transactions contemplated by the Official Statement and this Agreement, (B) the truth and completeness, as of the date thereof, of the

statements and information contained in the Preliminary Official Statement, (C) the truth and completeness, as of the date thereof and as of the time of the Closing, of the statements and information contained in the Official Statement, (D) the truth and completeness, as of the time of the Closing, of the representations and warranties of the Issuer contained in this Agreement and the certificates and other documents referred to in this Agreement, and (E) the due performance or satisfaction by the Issuer at or prior to the Closing of all agreements then to be satisfied.

12. Issue Price Certificate

Upon request of Bond Counsel, the Underwriter shall execute and deliver on the Closing Date an issue price or similar certificate pursuant to this Section, Section 6 and Section 12, in form and substance reasonably satisfactory to the Issuer, Bond Counsel and the Underwriter.

13. Accountants' Letter

No Accountants' letters will be delivered in connection with issuance of the Securities.

14. Termination

The Underwriter shall have the right to cancel its obligation to purchase the Securities and to terminate this Agreement by written notice to the Issuer if, between the Effective Date to and including the Closing Date, in the Underwriter's sole and reasonable judgment any of the following events shall occur (each a "Termination Event"):

(a) the market price or marketability of the Securities, or the ability of the Underwriters to enforce contracts for the sale of the Securities, shall be materially adversely affected by any of the following events:

(i) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Securities, provided that this paragraph (a) (i) shall not apply if the Securities are being issued as taxable Securities; or

(ii) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere; or

(iii) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall

have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Securities, the Bond Legislation or the Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act or the Trust Indenture Act or otherwise, or would be in violation of any provision of the federal securities laws; or

(v) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or

(vi) any rating on securities of the Issuer which are secured by a pledge or application of the Trust Estate on a parity with the Securities or

- (b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Securities or the ability of the Underwriters to enforce contracts for the sale of the Securities; or
- (c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or
- (d) a material disruption in securities settlement, payment or clearance services affecting the Securities shall have occurred; or
- (e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or
- (f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Securities,

including the underlying obligations as contemplated by this Agreement or by the Official Statement, or any document relating to the issuance, offering or sale of the Securities, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

Upon the occurrence of a Termination Event and the termination of this Agreement by the Underwriter, all obligations of the Issuer and the Underwriter under this Agreement shall terminate, without further liability, except that: the Issuer and the Underwriter shall pay their respective expenses as set forth in Section 16 below.

15. Payment of Expenses

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay from available funds under the Authorizing Documents and the Issuer Documents or from other funds of the Issuer, all expenses that are incidental to the performance of the Issuer's obligations under this Agreement, including but not limited to: all expenses in connection with the printing of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; all expenses in connection with the printing, issuance and delivery of the Securities; the fees and expenses of Bond Counsel, Issuer's Counsel and Disclosure Counsel, if any; the fees and expenses of the Issuer's financial advisors, Accountants, any verification consultant and all other consultants; the fees of the Paying Agent, and its respective counsel, if any; all expenses in connection with obtaining a rating or ratings for the Securities; all expenses of the Issuer in connection with the preparation, printing, execution and delivery, and any recording or filing, of the Authorizing Documents, any Issuer Document or any other instrument; the Issuer's administrative fees; all fees and expenses in connection with any interest rate swap agreement and related transactions; and all other expenses and costs of the Issuer incident to its obligations in connection with the authorization, issuance, sale and distribution of the Securities. Unless the Issuer and the Underwriter otherwise agree, the Issuer shall pay for all incidental costs (including, but not limited to, transportation, lodging, meals and entertainment of Issuer personnel) incurred by or on behalf of the Issuer in connection with the marketing, issuance and delivery of the Securities.

(b) The Underwriter shall pay all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Securities.

16. Notices

Any notice or other communication to be given to the Issuer under this Agreement may be given by certified mail or by delivering the same in writing to the Issuer, Attention: Trent Donat, City Clerk and Business Manager, PO Box 2315, Ketchum, Idaho 83340, and any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to the Underwriter, Attention: Eric Heringer, Managing Director, 101 S. Capitol Blvd, Suite 603, Boise, Idaho 83702, or to such other addresses as one party shall furnish the other in writing for receipt of notice.

17. Governing Law

This Agreement shall be governed by the laws of the State of Idaho.

18. Miscellaneous

This Agreement is made solely for the benefit of the signatories hereto (including the Underwriter and its successors or assigns) and no other person shall acquire or have any right hereunder or by virtue hereof. Neither the Issuer nor the Underwriter may assign this Agreement. The term “successor” shall not include any holder of any Securities merely by virtue of such holding. All representations, warranties, agreements and indemnities contained in this Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter, and shall survive the delivery of and payment for the Securities and any termination of this Agreement. Section headings have been included in this Agreement as a matter of convenience of reference only and are not to be used in the interpretation of any provisions of this Agreement. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, because it conflicts with any provisions of any constitution, statute, rule of public policy or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

19. Certification of Compliance with Anti-Boycott Against Israel Act

The Underwriter hereby certifies, pursuant to Idaho Code, Section 67-2346, that the Underwriter, including any wholly owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates of the Underwriter, is not currently engaged in, and will not for the duration of this Agreement, engage in, a boycott of goods or services from Israel or territories under its control except as otherwise permitted by applicable federal law.

20. Counterparts

This Agreement may be executed in one or more counterparts with the same force and effect as if all signatures appeared on a single instrument.

21. Signatures

Upon execution by the Issuer and the Underwriter, this Agreement shall be binding upon the Issuer and the Underwriter as of the Effective Date and Time.

[The following pages are the execution pages to this Agreement and referenced Schedules.]

ACCEPTED AND AGREED:

ISSUER:

CITY OF KETCHUM, IDAHO

By: _____

Name: Jade Riley

Title: City Administrator

Effective Date: April 11, 2023

Time: _____ p.m. (Mountain Time).

PIPER SANDLER & CO.

By: _____

Name: Eric Heringer

Title: Managing Director

Schedule I
Terms of the Securities

<u>Principal Amount</u>	<u>Maturity ()</u>	<u>Interest Rate</u>	<u>Offering Price or Yield</u>
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Mandatory Sinking Fund Schedule:

Securities Maturing on _____, _____:

<u>Date ()</u>	<u>Principal Amount</u>
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Securities Maturing on _____, _____:

<u>Date ()</u>	<u>Principal Amount</u>
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Optional Redemption:

CONTINUING DISCLOSURE AGREEMENT

City of Ketchum, Idaho
\$_____ Wastewater Revenue Bonds, Series 2023

THIS CONTINUING DISCLOSURE AGREEMENT (the “Agreement”) is executed and delivered by the City of Boise City, Idaho (the “Issuer”) and Zions Bancorporation, National Association (the “Disclosure Agent”) in connection with the issuance \$_____ Wastewater Revenue Bonds, Series 2023 (the “Series 2023 Bonds”) being issued pursuant to Ordinance No. 23-_____, adopted by the City on [March 27], 2023 (the “Master Ordinance”) and Ordinance No. 23-_____, adopted by the City on [March 27], 2023 (the “Series Ordinance” and together with the Master Ordinance, collectively, the “Bond Ordinance”). The Agreement is executed and delivered as of the date set forth below in order for the Issuer to authorize and direct the Disclosure Agent, as the agent of the Issuer, to make certain information available to the public in compliance with Section (b)(5)(i) of Rule 15c2-12, as hereinafter defined.

WITNESSETH:

1. **Background.** The CUSIP number assigned to the final maturity of the Series 2023 Bonds is [_____].

2. **Appointment of Disclosure Agent.** The Issuer hereby appoints the Disclosure Agent and any successor Disclosure Agent acting as such under this Agreement to disseminate the financial information and notices furnished by the Issuer hereunder in the manner and at the times as herein provided and to discharge the other duties assigned.

3. **Annual Reports of the Issuer.**

a. **Provisions of Annual Reports.** The Issuer agrees, in accordance with the provisions of Rule 15c2-12, to provide or cause to be provided through the Repository, not later than 210 days following the close of each fiscal year of the Issuer (October 1 - September 30) for all fiscal years beginning with the fiscal year ending September 30, 2023, the annual financial information and operating data (the “Annual Report”) described in Section 3b herein. The Issuer further agrees, in accordance with the Rule 15c2-12, to provide or cause to be provided in a timely manner through the Repository notice of any failure to provide or cause to be provided the Annual Report or any part thereof, as described in this paragraph.

b. **Contents of Annual Report.** The Annual Report shall include the audited financial statements of the Issuer prepared in accordance with generally-accepted accounting principles, together with the report thereon of the Issuer’s independent auditors, beginning with the Fiscal Year ending September 30, 2023. If audited financial statements are not available by the time specified herein, unaudited financial statements will be provided and audited financial statements will be provided when, and if, available. The Issuer shall include with each submission a written representation addressed to the Disclosure Agent to the effect that the financial statements are the financial statements required by this Agreement and that they comply with the applicable requirements of this Agreement. For the purposes of determining whether information received from the Issuer is the required financial statements, the Disclosure Agent shall be entitled conclusively to rely on the Issuer’s written representation made pursuant to this Section.

The Annual Report shall also include the other financial, statistical, and operating data for said fiscal year of the Issuer in the form and scope similar to the financial, statistical, and operating data contained in the Official Statement, specifically the tables and/or information contained under the following headings and subheadings of the Official Statement:

1. Table titled “Long-Term Indebtedness” in the Section titled “Outstanding Long-Term Debt” in the Official Statement.
2. Table titled “Ten Largest Facility Customers” in the Section titled “Service Area” in the Official Statement.
3. Table titled “Net Revenues and Debt Service Coverage Summary – Wastewater Fund” in the Section titled “Financial Reports” in the Official Statement.
4. Table titled “Wastewater Fund – Statement of Revenues, Expenditures and Changes in Fund Net Position,” in the Section titled “Financial Reports” in the Official Statement.
5. Table titled “Water Renewal Fund – Statement of Net Position” in the Section titled “Financial Reports” in the Official Statement.

Inclusion of the tables listed in 4 and 5 above will be satisfied by submission of the City’s audited financial statements so long as the audited financial statements contain full reports of the Wastewater Fund, and so long as the other financial, statistical and operating data indicates the tables listed in 4 and 5 above are satisfied by the City’s audited financial statements. If such information is ever removed from the audited financial statements, the City shall create and update the tables as presented in the Official Statement and provide them in accordance with the terms hereof.

Notwithstanding, any or all the items listed above in this Section 3b may be incorporated by reference from other documents, including official statements of debt issues of the Issuer which have been previously submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such document incorporated by reference.

4. Notice of Certain Events. The Issuer agrees, in accordance with the provisions of the Rule 15c2-12, to provide or cause to be provided through the Repository, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2023 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, 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 security, or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person¹;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (15) Incurrence of a Financial Obligation of the obligated person, if material; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect securities holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

The Disclosure Agent shall attempt to promptly advise the Issuer whenever, in the course of performing its duties under this Agreement, the Disclosure Agent identifies an occurrence which would require the Issuer to provide a notice of the occurrence of any of the events listed in this Section 4; provided that the failure of the Disclosure Agent so to advise the Issuer of such

¹ For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of an obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of an obligated person.

occurrence shall not constitute a breach by the Disclosure Agent of any of its duties and responsibilities hereunder.

5. Manner and Time by Which Information is to be made Public by the Disclosure Agent. The information required to be provided by the Issuer pursuant to Section 3 hereof shall be referred to as the Continuing Disclosure Information (the “Continuing Disclosure Information”), and the notices required to be provided by the Issuer pursuant to Section 4 hereof shall be referred to as the Event Information (the “Event Information”).

After the receipt of any Continuing Disclosure Information or any Event Information from the Issuer, the Disclosure Agent will deliver the information as provided in this Section 5.

a. Manner and Time of Delivery. It shall be the Disclosure Agent’s duty:

(1) to deliver the Continuing Disclosure Information to the Repository once it is received from the Issuer not later than five (5) days after receipt thereof;

(2) to deliver the Event Information to the Repository as soon as possible following receipt from the Issuer, but in no event later than the next business day;

(3) to determine the identity and address of the Repository to which Continuing Disclosure Information and Event Information must be sent under rules and regulations promulgated by the MSRB or by the SEC.

The Issuer shall deliver Continuing Disclosure Information and Event Information to the Disclosure Agent in a timely manner so that the Disclosure Agent can deliver such information to the Repository.

b. Limitation of Disclosure Agent’s Duty. The Disclosure Agent shall have no duty or obligation to disclose to the Repository any information other than (i) Continuing Disclosure Information that the Disclosure Agent has received from the Issuer and (ii) Event Information about which the Disclosure Agent has received notice from the Issuer. Any such disclosures shall be required to be made only as and when specified in this Agreement. The Disclosure Agent’s duties and obligations are only those specifically set forth in this Agreement, and the Disclosure Agent shall have no implied duties or obligations.

c. Form of Disclosure. All Continuing Disclosure Information and Event Information, or other financial information and notices pursuant to this Agreement are to be provided to the Repository in electronic PDF format (word-searchable) as prescribed by the MSRB. All documents provided to the MSRB pursuant to this Agreement must be accompanied by identifying information as prescribed by the MSRB, which the Issuer shall provide to the Disclosure Agent in a timely manner.

6. Indemnification. The Disclosure Agent shall have no obligation to examine or review the Continuing Disclosure Information and shall have no liability or responsibility for the compliance of this Agreement with Rule 15c2-12 or the accurateness or completeness of the Continuing Disclosure Information disseminated by the Disclosure Agent hereunder. The Continuing Disclosure Information shall contain a legend to such effect.

To the extent permitted by law, the Issuer hereby agrees to hold harmless and to indemnify the Disclosure Agent, its employees, officers, directors, agents and attorneys from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys’ fees and expenses, whether incurred before trial, at trial, or on appeal, or in any

CONTINUING DISCLOSURE AGREEMENT – 4

bankruptcy or arbitration proceedings), which may be incurred by the Disclosure Agent by reason of or in connection with the disclosure of information in accordance with this Agreement, except to the extent such claims, damages, losses, liabilities, costs or expenses result directly from the willful or negligent conduct of the Disclosure Agent in the performance of its duties under this Agreement.

7. **Compensation.** The Issuer hereby agrees to compensate the Disclosure Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time hereunder. Such compensation shall be in addition to any fees previously agreed upon with respect to the fiduciary services of the Disclosure Agent in its capacity as Bond Registrar under the Ordinance.

8. **Enforcement.** The obligations of the Issuer under this Agreement shall be for the benefit of the registered and beneficial holders of the Series 2023 Bonds. Any holder of the Series 2023 Bonds then outstanding, including any Beneficial Owner (as defined in the Master Ordinance) of the Series 2023 Bonds, may enforce specific performance of such obligations by any judicial proceeding available. However, any failure by the Issuer to perform in accordance with this Agreement shall not constitute a default under the Ordinance. Neither the Issuer nor the Disclosure Agent shall have any power or duty to enforce this Agreement.

This Agreement shall inure solely to the benefit of the Issuer, the Disclosure Agent and the holders and beneficial owners from time to time of the Series 2023 Bonds and shall create no rights in any other person or entity.

9. **Definitions.** As used herein, the following terms shall have the following meanings: “MSRB” shall mean the Municipal Securities Rulemaking Board.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

“Official Statement” shall mean the final Official Statement relating to the Series 2023 Bonds dated _____, 2023.

“Obligated person” as defined in Rule 15c2-12 shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the municipal securities to be sold in the offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

“Repository” shall mean the MSRB through its Electronic Municipal Market Access system (“EMMA”) at <http://emma.msrb.org>, or such other nationally recognized municipal securities information repository recognized by the SEC from time to time pursuant to Rule 15c2-12.

“Rule 15c2-12” shall mean Rule 15c2-12, as amended, promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

“SEC” shall mean the Securities and Exchange Commission.

9. **Amendments and Termination.** This Agreement may be amended with the mutual agreement of the Issuer and the Disclosure Agent and without the consent of any registered or beneficial holders of the Series 2023 Bonds under the following conditions:

a. the amendment is 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 the obligated person or type of business conducted;

b. this Agreement, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any change in circumstances; and

c. the amendment does not materially impair the interests of holders of the Series 2023 Bonds, as determined by parties unaffiliated with the Issuer (such as nationally recognized bond counsel) or by approving vote of bondholders pursuant to the terms of the Series Ordinance at the time of the amendment.

Any party to this Agreement may terminate this Agreement by giving written notice of an intent to terminate to the other parties at least thirty (30) days prior to such termination, provided that no such termination shall relieve the obligation of the Issuer to comply with Rule 15c2-12(b)(5) either through a successor agent or otherwise.

The Issuer's next annual financial report must explain, in narrative form, the reasons for any such amendment or termination of the Agreement contained in this Agreement and the impact, as applicable, of any change in the type of operating data or financial information being provided or, in the case of accounting principles, the presentation of such operating data or financial information.

This Agreement shall be in effect from and after the issuance and delivery of the Series 2023 Bonds and shall extend to the earlier of (i) the date all principal and interest on the Series 2023 Bonds shall have been paid pursuant to the terms of the Ordinance; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 that require this written Agreement (a) are held to be invalid by a court of competent jurisdiction in a nonappealable action, (b) have been repealed retroactively, or (c) in the opinion of counsel who is an expert in federal securities laws, acceptable to the Issuer or the Disclosure Agent, otherwise, do not apply to the Series 2023 Bonds. The Issuer shall notify the Repository if this Agreement is terminated pursuant to (iii), above.

11. Successor Disclosure Agent. Upon the transfer of the duties from the current Disclosure Agent to a successor Disclosure Agent, such successor Disclosure Agent shall succeed to the duties under this Agreement without any further action on the part of any party, and the then current Disclosure Agent shall have no further duties or obligations upon the transfer to a successor Disclosure Agent. Such Successor Disclosure Agent may terminate this Agreement or cause it to be amended as provided in Section 10 hereof.

12. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating (or cause the Disclosure Agent to disseminate) any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Continuing Disclosure Information or notice of the occurrence of any Event Information, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Continuing Disclosure Information or Event Information in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Continuing Disclosure Information or notice of occurrence of any Event Information.

If the Issuer provides to the Disclosure Agent information relating to the Issuer or the Series 2023 Bonds, which information is not designated as Event Information, and directs the Disclosure

CONTINUING DISCLOSURE AGREEMENT – 6

Agent to provide such information to the Repository, the Disclosure Agent shall provide such information in a timely manner to the Repository.

13. Notices. Notices and the required information under this Agreement shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Agreement may designate from time to time.

14. Counterparts. This Agreement may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Agreement.

15. Governing Law. This Agreement shall be governed by the laws of the State of Idaho and Rule 15c2-12.

16. Certification of Compliance with Anti-Boycott Against Israel Act. The Disclosure Agent, by acceptance of this Agreement, certifies, pursuant to Section 67-2346, Idaho Code, that the Disclosure Agent, including any wholly owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates of the Disclosure Agent is not currently engaged in, and will not for the duration of this Agreement, engage in, a boycott of goods or services from Israel or territories under its control.

[Signatures on following page.]

IN WITNESS WHEREOF, the Issuer and the Disclosure Agent have caused this Agreement to be executed and delivered by a duly authorized officer of each of them, all as of this _____th day of _____, 2023.

ISSUER: **CITY OF KETCHUM, BLAINE COUNTY, IDAHO**

By: _____
JADE RILEY
City Administrator

Notice Address:
191 5th Street West (PO Box 2315)
Ketchum, ID 83340
Attn: Shellie Rubel, City Treasurer

DISCLOSURE AGENT: **ZIONS BANCORPORATION, NATIONAL ASSOCIATION**

By: _____
Authorized Officer, Zions Bank Division

Notice Address:
Zions Bancorporation, National Association
Corporate Trust
800 W. Main Street, Ste 700
Boise, ID 83702
Attention: Joe Dailey, Assistant Vice President