NEW ISSUE **RATINGS (See "RATINGS")**
BOOK-ENTRY ONLY **Ratings**
Moody's: A2
Fitch: A

In the opinion of Bond Counsel, under existing law, interest on the Subordinate Series 2015 Bonds is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and Idaho income taxes provided that the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Subordinate Series 2015 Bonds. The Subordinate Series 2015 Bonds are private activity bonds, and interest on the Subordinate Series 2015 Bonds is a preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the Subordinate Series 2015 Bonds is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code. See "TAX MATTERS."

$12,665,000
City of Boise City, Idaho
Airport Revenue Bonds, Subordinate Series 2015
(Aircraft Maintenance Facilities Project)

Dated: Date of delivery **Due: September 1st as shown below**

The City of Boise City, Idaho Airport Revenue Bonds, Subordinate Series 2015 (Aircraft Maintenance Facilities Project) (the "Subordinate Series 2015 Bonds") are being issued, together with other funds of the City, to acquire certain aircraft maintenance facilities (the "Project") at the Boise Airport Terminal/Gowen Field (the "Airport"), to satisfy the debt service reserve fund requirement for the Subordinate Series 2015 Bonds, and to pay the costs of issuing the Subordinate Series 2015 Bonds.

Interest on the Subordinate Series 2015 Bonds accruing from the date of delivery is payable on March 1 and September 1 of each year, commencing March 1, 2016. The Subordinate Series 2015 Bonds are subject to optional and mandatory sinking fund redemption as further described in "DESCRIPTION OF THE SUBORDINATE SERIES 2015 BONDS - Redemption Provisions."

The Subordinate Series 2015 Bonds will be issued and secured pursuant to a Trust Indenture, dated as of August 1, 2015 (the "Subordinate Indenture") between the City of Boise City, Idaho (the "City") and Zions First National Bank, as trustee (the "Subordinate Trustee"). **THE SUBORDINATE SERIES 2015 BONDS ARE LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM THE NET REVENUES AS DEFINED IN THE SUBORDINATE INDENTURE. THE CITY'S PAYMENT OBLIGATIONS ARE SECURED ON A SUBORDINATED BASIS BY A SECURITY INTEREST IN (i) THE NET REVENUES DERIVED BY THE CITY FROM ITS AIRPORT FACILITIES AND PROPERTIES, AND (ii) THE FUNDS AND ACCOUNTS CREATED UNDER THE SUBORDINATE INDENTURE, AS DESCRIBED UNDER "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 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 SUBORDINATE SERIES 2015 BONDS.** See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 BONDS."

When issued, the Subordinate Series 2015 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Subordinate Series 2015 Bonds. Purchases of beneficial interests in the Subordinate Series 2015 Bonds will be made in book-entry form, in denominations of $5,000 and integral multiples thereof. Purchasers will not receive bonds representing their interests in the Subordinate Series 2015 Bonds, except as described herein. So long as DTC or its nominee is the registered owner of the Subordinate Series 2015 Bonds, payments of principal of and interest on the Subordinate Series 2015 Bonds will be made directly to DTC or to such nominee. Disbursement of such payments to DTC's Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct Participants and the Indirect Participants. See **APPENDIX G** – "BOOK-ENTRY SYSTEM."

MATURITY SCHEDULE

Maturity (Sept. 1)	Principal Amount	Interest Rate	Yield	CUSIP Number	Maturity (Sept. 1)	Principal Amount	Interest Rate	Yield	CUSIP Number
2016	$305,000	3.000%	0.750%	097428CN4	2026	455,000	3.000%	3.350%	097428CY0
2017	340,000	4.000%	1.150%	097428CP9	2027	470,000	3.250%	3.500%	097428CZ7
2018	355,000	3.250%	1.450%	097428CQ7	2028	485,000	3.375%	3.630%	097428DA1
2019	365,000	3.250%	1.720%	097428CR5	2029	500,000	3.500%	3.750%	097428DB9
2020	375,000	3.250%	2.050%	097428CS3	2030	520,000	3.750%	3.900%	097428DC7
2021	390,000	3.250%	2.350%	097428CT1	2031	535,000	3.750%	3.960%	097428DD5
2022	400,000	3.500%	2.670%	097428CU8	2032	560,000	3.750%	4.010%	097428DE3
2023	415,000	3.500%	2.860%	097428CV6	2033	580,000	4.000%	4.050%	097428DF0
2024	430,000	3.000%	3.030%	097428CW4	2034	600,000	4.000%	4.070%	097428DG8
2025	440,000	3.000%	3.200%	097428CX2	2035	625,000	4.000%	4.090%	097428DH6

$3,520,000 4.000% Term Bonds Due September 1, 2040, priced at 97.370% to yield 4.170%, CUSIP: 097428DJ2

The Subordinate Series 2015 Bonds are offered when, as and if delivered and received by Raymond James & Associates, Inc. (the "Underwriter"), subject to approving legal opinions of Skinner Fawcett LLP, Boise, Idaho, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the City by the City Attorney, and for the Underwriter by Christian & Barton, L.L.P., Richmond, Virginia. It is expected that the Subordinate Series 2015 Bonds will be available for delivery to the Subordinate Trustee on behalf of DTC by Fast Automated Securities Transfer on or about August 11, 2015.

Raymond James

Dated: July 28, 2015

CITY OF BOISE CITY, IDAHO
150 N. Capitol Boulevard, P.O. Box 500
Boise City, Idaho 83701-0500
(208) 384-3780
www.cityofboise.org*

CITY COUNCIL

Name	Position	Term Expires
David H. Bieter	Mayor	December 31, 2015
Maryanne Jordan	President	December 31, 2017
Elaine Clegg	Member	December 31, 2015
Scot Ludwig	Member	December 31, 2015
T. J. Thomson	Member	December 31, 2017
Lauren McLean	Member	December 31, 2015
Ben Quintana	Member	December 31, 2017

ADMINISTRATION
Lynda Lowry, CFO & Director of Finance and Administration
Lynda Lowry, Ex-Officio City Clerk and Treasurer
Rebecca Hupp, Airport Director
Mike O'Dell, Deputy Director - Finance and Administration
Robert B. Luce, City Attorney

AIRPORT COMMISSION
Michael Pape, Chair
Russell Westerberg
Major General Gary Sayler
Mary Carol "M.C." Niland
Meg Carlson
William Connors
Bill Vasconcellos
Lauren McLean and Ben Quintana, City Council Liaisons

BOND COUNSEL
Skinner Fawcett LLP
Boise, Idaho

FINANCIAL ADVISOR
Frasca & Associates, LLC
New York, New York

SUBORDINATE TRUSTEE
Zions First National Bank
Boise, Idaho

INDEPENDENT AUDITORS
Eide Bailly LLP
Boise, Idaho

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*The City's website is not incorporated into this Official Statement by this reference and is not a part hereof.

The information contained in this Official Statement has been obtained from the City and other sources deemed to be reliable, but no representation or guarantee is made by the Underwriter as to the accuracy or completeness of such information, and nothing contained in this Official Statement is or shall be construed or relied upon as a guarantee, promise or representation by the Underwriter.

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.

This Official Statement is submitted in connection with the sale of the Subordinate Series 2015 Bonds described herein and may not be reproduced or used, in whole or in part, for any other purpose. All quotations from and summaries and explanation of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statement made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. 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 the implication that there has been no change in the matters described herein since the date hereof.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Subordinate Series 2015 Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. No dealer, salesman nor any other person has been authorized by the City to give any information or to make any representations, other than those contained herein, in connection with the offering of the Subordinate Series 2015 Bonds, and, if given or made, such information or representations must not be relied upon as having been authorized by the City or any other person.

This Official Statement, including the appendices hereto, contains statements relating to future results that are "forward-looking statements". When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

IN CONNECTION WITH THE OFFERING OF THE SUBORDINATE SERIES 2015 BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SUBORDINATE SERIES 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET; SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE.

NEITHER THE SUBORDINATE SERIES 2015 BONDS NOR THE SUBORDINATE INDENTURE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 304(a)(4) OF THE TRUST INDENTURE ACT OF 1939, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SUBORDINATE SERIES 2015 BONDS AND THE SUBORDINATE INDENTURE IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE SUBORDINATE SERIES 2015 BONDS AND THE SUBORDINATE INDENTURE HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SUBORDINATE SERIES 2015 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

$12,665,000
CITY OF BOISE CITY, IDAHO
Airport Revenue Bonds, Subordinate Series 2015
(Aircraft Maintenance Facilities Project)

INTRODUCTION

The purpose of this Official Statement, which also includes the cover page, inside cover page, table of contents and appendices, is to provide information concerning the issuance of $12,665,000 aggregate principal amount of City of Boise City, Idaho Airport Revenue Bonds, Subordinate Series 2015 (Aircraft Maintenance Facilities Project) (the "Subordinate Series 2015 Bonds"). The City has appointed Zions First National Bank as the trustee (the "Subordinate Trustee") for the Subordinate Series 2015 Bonds.

The Subordinate Series 2015 Bonds are issued pursuant to a Trust Indenture, dated as of August 1, 2015 (the "Subordinate Indenture") to be entered into between the City of Boise City, Idaho (the "City") and the Subordinate Trustee. Capitalized terms used in this Official Statement but not defined have the meanings set forth in the Subordinate Indenture, the form of which is included in this Official Statement as **APPENDIX B**.

The City

The City, organized in 1866, is located in the Southwest portion of Idaho and serves as the Idaho State capital and the County Seat of Ada County. The City is the largest municipality in Idaho and has an estimated population of 217,730 as of September 30, 2014. The City is governed by a Mayor and a six-member City Council. See "THE CITY OF BOISE CITY." The City is the principal business and government center of the Boise City-Nampa Metropolitan Statistical Area (the "Boise City-Nampa MSA") which had an estimated population of 664,422 as of July 1, 2014.

Purpose and Authorization of the Subordinate Series 2015 Bonds

The proceeds of the Subordinate Series 2015 Bonds, together with certain City funds, will be applied to the acquisition of certain aircraft maintenance facilities, together with airfield and service road access thereto (the "Project") at the Boise Airport Terminal/Gowen Field (the "Airport"), to fund the debt service reserve fund requirement for the Subordinate Series 2015 Bonds, and to pay the costs of issuing the Subordinate Series 2015 Bonds. See "THE PROJECT."

The Subordinate Series 2015 Bonds are authorized under Article VIII, Section 3E of the Constitution of the State of Idaho, the Revenue Bond Act, Sections 50-1027 through 50-1042, inclusive, Idaho Code, and Section 21-401, Idaho Code (collectively, the "Act") relating to issuance of revenue bonds, without approval of the electorate, to finance the acquisition and construction of "airport facilities" as defined in the Act.

On June 23, 2015, the City Council adopted an ordinance approving the Subordinate Indenture and related documents and authorizing the issuance and sale of the Subordinate Series 2015 Bonds.

Security and Sources of Payment for the Subordinate Series 2015 Bonds; Senior Bonds

The Subordinate Series 2015 Bonds are limited obligations of the City, secured by Net Revenues (as defined in the Subordinate Indenture) in the City's Airport Enterprise Fund and are not a general obligation of the City. The Subordinate Series 2015 Bonds shall be payable solely out of the Net Revenues in the Airport Enterprise Fund. The Net Revenues of the City's current and future airport facilities and properties, whether situated within or outside of the City's boundaries, are pledged to the payment in full of the Subordinate Series 2015 Bonds, which pledge is on a subordinate basis to (i) the City's Airport Revenue Refunding Bonds, Series 2011 (Air Terminal Facilities Project) issued February 28, 2011 (the "2011 Senior Bonds") in the original aggregate principal amount of $32,480,000 and presently outstanding in the amount of $22,150,000, (ii) the City's Airport Revenue Bonds, Series 2012 (Parking Facilities Project) issued December 6, 2012 (the "2012 Senior Bonds") in the original aggregate principal amount of $11,760,000 and presently outstanding in the amount of $10,805,000, and (iii) certain additional obligations permitted under the indentures pursuant to which the Senior Bonds were issued (the "Senior Indentures"). The 2011 Senior Bonds, the 2012 Senior Bonds, and any additional bonds or obligations that may be issued on a parity with such senior obligations are referred to in this Official Statement as the "Senior Bonds."

Excluded from Net Revenues are passenger facility charge revenues ("PFC Revenues"), grant revenues and customer facility charges levied and collected by rental car company tenants of the Airport ("CFC Revenues") (collectively, the "Excluded Revenues"). PFC Revenues are pledged to the 2011 Senior Bonds. ***The Subordinate Series 2015 Bonds are not secured by or payable from PFC Revenues, grant revenues or CFC Revenues.*** See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 BONDS."

The City has reserved the right, both in the Senior Indentures and in the Subordinate Indenture, to incur additional obligations payable from Net Revenues as further described under "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 BONDS - Issuance of Additional Obligations Secured by Net Revenues." ***Such issuances may include obligations that are senior to the subordinate lien on Net Revenues securing the Subordinate Series 2015 Bonds***.

Report of the Airport Consultant

The Airport has retained LeighFisher to serve as the airport consultant (the "Airport Consultant") in connection with the issuance of the Subordinate Series 2015 Bonds. The Airport Consultant has prepared the Report of the Airport Consultant dated July 17, 2015 (the "Report"). The Report takes into consideration the Airport's Senior Obligations and the Subordinate Series 2015 Bonds to determine the City's ability to meet the rate covenant requirements for the Subordinate Series 2015 Bonds. The Airport Consultant has provided its consent to include the Report in this Official Statement. See **APPENDIX A** - "REPORT OF THE AIRPORT CONSULTANT."

Continuing Disclosure

The City has covenanted for the benefit of the holders and beneficial owners of the Subordinate Series 2015 Bonds to provide certain financial information and operating data and to give notices of certain events to assist the Underwriter in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE."

Miscellaneous

Brief descriptions of the Subordinate Series 2015 Bonds, the City and certain statutes, agreements, reports and other instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the statutes, agreements, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

This Official Statement is not to be construed as a contract or agreement between the City and purchasers or owners of any of the Subordinate Series 2015 Bonds.

DESCRIPTION OF THE SUBORDINATE SERIES 2015 BONDS

General

The Subordinate Series 2015 Bonds bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Interest on the Subordinate Series 2015 Bonds from the date of their initial delivery is to be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Subordinate Series 2015 Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2016.

The Subordinate Series 2015 Bonds shall be issued in fully registered form, provided that the principal or redemption price, and interest in respect thereof shall be payable from any legally available Net Revenues of the City's Airport Enterprise Fund. The Subordinate Series 2015 Bonds shall be issued in the denomination of $5,000 each or any integral multiple thereof. Upon initial issuance, the ownership of each Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC is to act as securities depository for the Subordinate Series 2015 Bonds. Individual purchases may be made only in book-entry form. Purchasers will not receive Bonds representing their interest in the Subordinate Series 2015 Bonds purchased. Except as provided in the Subordinate Indenture, so long as Cede & Co. (or such other name as may be requested by an authorized representative of DTC) is the registered owner of the Subordinate Series 2015 Bonds, as nominee of DTC, references herein to "Owners," "Bond Holders" or "Registered Owners" mean Cede & Co. and not the Beneficial Owners of the Subordinate Series 2015 Bonds. In this Official Statement, the term "Beneficial Owner" means the person for whom its DTC Participant acquires an interest in the Subordinate Series 2015 Bonds.

So long as Cede & Co. is the registered owner of the Subordinate Series 2015 Bonds, the principal of and interest on the Subordinate Series 2015 Bonds are payable by wire transfer to Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee for DTC which, in turn, is to remit such amounts to the Direct Participants for subsequent disbursement to the Beneficial Owners. See **APPENDIX G** - "BOOK-ENTRY SYSTEM."

Redemption Provisions

Optional Redemption. The Subordinate Series 2015 Bonds maturing on or before September 1, 2025 are not subject to optional redemption prior to their stated dates of maturity. The Subordinate Series 2015 Bonds maturing on and after September 1, 2026 are subject to redemption, in whole or in part, in maturities as selected by the City on any date on or after September 1, 2025 at a price of par plus accrued interest to the redemption date.

Mandatory Redemption. The Subordinate Series 2015 Bonds with a maturity date of September 1, 2040 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 (as defined in the Subordinate Indenture) due in the following years:

Date (September 1)	Principal Amount
2036	$650,000
2037	675,000
2038	705,000
2039	730,000
2040 (final maturity)	760,000

Upon any purchase or redemption of Subordinate Series 2015 Bonds for which Sinking Fund Installments shall have been established, an amount equal to the aggregate principal amount of Subordinate Series 2015 Bonds so purchased or redeemed shall be credited towards a part or all of any one or more of such Sinking Fund Installments for such term Subordinate Series 2015 Bonds so purchased next becoming due at least thirty (30) days subsequent to the date of purchase. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

Notice and Effect of Redemption. Upon notice from the Issuer, the Subordinate Trustee may determine the Record Date and shall give at least thirty (30) days and not more than sixty (60) days' notice of redemption of the Subordinate Series 2015 Bonds or portions thereof to be redeemed by first class mail or such other method as may be customary for obligations such as the Subordinate Series 2015 Bonds. Any notice mailed shall be conclusively presumed to have been duly given whether or not the bondowner of such Subordinate Series 2015 Bonds receives the notice. Receipt of such notice shall not be a condition precedent to redemption, and failure so to receive any such notice by any of such bondowners, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Subordinated Series 2015 Bond. The obligation of the Subordinate Trustee to give any notice of redemption shall not be conditioned upon the prior payment to the Subordinate Trustee of moneys sufficient to pay the redemption price of the Subordinate Series 2015 Bonds or portions thereof to which such notice relates or the interest thereon to the redemption date. In the event such prepayment is not received by the Subordinate Trustee, the Subordinate Trustee shall so notify the Bondowners by first class mail. *For so long as a book-entry only system is in effect with respect to the Subordinate Series 2015 Bonds, the Subordinate Trustee will only mail notice of redemption to DTC or its nominee or successor.*

All notices of redemption shall state (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding of the Subordinate Series 2015 Bonds or portions thereof are to be redeemed, the identification and the respective principal amounts of the of the Subordinate Series 2015 Bonds or portions thereof to be redeemed, (iv) that on the redemption date the Redemption Price will become due and payable upon each such Subordinated Series 2015 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, (v) the place where such Subordinate Series 2015 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the operations agency office of the Subordinate Trustee or any office designated by the Subordinate Trustee, and (vi) that the proposed redemption is conditioned on there being on deposit in the

Bond Fund on the redemption date sufficient money to pay the full Redemption Price of the Subordinate Series 2015 Bonds to be redeemed.

In addition to the foregoing notice, further notice shall contain the information and shall be given by the Subordinate Trustee 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 mailed as prescribed above: (i) the CUSIP numbers of all Subordinate Series 2015 Bonds being redeemed, (ii) the date of issue of the Subordinate Series 2015 Bonds as originally issued, (iii) the rate of interest borne by each Subordinated Series 2015 Bond being redeemed, (iv) the maturity date of each Subordinated Series 2015 Bond being redeemed, and (v) any other descriptive information needed to identify accurately the Subordinate Series 2015 Bonds being redeemed. Each further notice of redemption shall be sent at least thirty (30) days before the redemption date by 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.

Notice having been given to the extent required above, the Subordinate Series 2015 Bonds to be redeemed shall become due and payable on the date of redemption at their Redemption Price, plus any unpaid and accrued interest to the date of redemption and on such date, if monies are held therefor by the Subordinate Trustee, interest shall cease to accrue on the Subordinate Series 2015 Bonds to be redeemed.

If less than all the Subordinate Series 2015 Bonds of like series and maturity are called for optional redemption, the particular Subordinate Series 2015 Bonds or the respective portions thereof to be redeemed shall be selected by DTC pursuant to its rules or procedures or, if the book-entry system is discontinued, will be selected by lot in such manner as the Subordinate Trustee in its discretion may deem fair and appropriate. The portion of any Subordinated Series 2015 Bond of a denomination of larger than the minimum denomination of $5,000 principal amount may be redeemed in the principal amount of such minimum denomination or a multiple thereof, and for purposes of selection and redemption, any such Subordinated Series 2015 Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate Subordinate Series 2015 Bonds of such minimum denomination which is obtained by dividing the principal amount of such Subordinate Series 2015 Bond by such minimum denomination. If there shall be selected for redemption less than all of a Subordinated Series 2015 Bond, the Subordinate Trustee shall execute, authenticate and deliver, upon the surrender of such Bond without charge to the owner thereof, for the unredeemed balance of the principal amount of the Subordinate Series 2015 Bond so surrendered, Subordinate Series 2015 Bonds of like series, maturity and interest rate in any of the authorized denominations.

The Issuer may direct the Subordinate Trustee in writing to purchase, and upon receipt of any request by Issuer to such effect, the Subordinate Trustee shall purchase such Subordinate Series 2015 Bonds, at a price not to exceed the principal amount thereof plus accrued interest thereon, for cancellation in lieu of redemption; provided, however, that the Subordinate Trustee shall not be obligated to honor an Issuer request that directs the purchase of Subordinate Series 2015 Bonds for future delivery on or after a date that is within five (5) days prior to the last date, if any, on which notice or redemption with respect to such Subordinate Series 2015 Bonds is required to be mailed. The Issuer is expressly authorized to tender, and to direct the Subordinate Trustee to purchase for the Issuer, any Subordinate Series 2015 Bonds for cancellation in lieu of redemption.

Defeasance

If the principal or redemption price (as the case may be) of, and interest on, any of the Subordinate Series 2015 Bonds issued hereunder has been paid, or provision has been made for the payment of the same in the manner stipulated therein and in the Subordinate Indenture, then such Subordinate Series 2015 Bonds shall cease to be entitled to any lien, benefit or security of the Subordinate Indenture, and all covenants, agreements and obligations of the City with respect to payment of the Subordinate Series 2015 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Change to Covenants

Certain covenants in the Subordinate Indenture differ from the requirements of the Senior Indentures. For example, the Subordinate Indenture contains a different rate covenant (which applies to all obligations secured by a pledge of Net Revenues) and the covenant regarding the issuance of additional obligations, as described below in "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 BONDS," differs from the corresponding provision in the Senior Indentures. The requirements of the respective Senior Indenture will continue to apply in addition to the requirements of the Subordinate Indenture for so long as the applicable Senior Bonds remain outstanding.

SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 BONDS

Pledge of Net Revenues

The City pledges, assigns, and grants to the Subordinate Trustee a security interest in and to (i) all moneys and securities in all funds and accounts from time to time held by the Subordinate Trustee under the Subordinate Indenture (except moneys and securities in the Rebate Fund) and investments, if any, thereof and earnings, if any, thereon (except for any amounts required under the Tax Certificate (as defined in the Subordinate Indenture) that have not yet been deposited in the Rebate Fund); and (ii) on a subordinate basis to the Senior Bonds and permitted parity lien obligations issued under the Senior Indentures, if any, all Net Revenues; and (iii) all moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Subordinate Indenture. The lien of this pledge and security interest shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as otherwise provided) irrespective of whether such parties have notice hereof. **The Bondowners may not look to any other revenues of the City for the payment of principal or interest on the Subordinate Series 2015 Bonds. The Subordinate Series 2015 Bonds do not constitute full faith and credit obligations of the City. NONE OF THE CITY'S GENERAL FUND REVENUES ARE PLEDGED, OR WILL BE USED, TO MAKE ANY PAYMENTS ON THE SUBORDINATE SERIES 2015 BONDS.**

The lien of the foregoing pledge on Net Revenues securing the Subordinate Series 2015 Bonds is junior and subordinate to the lien on Net Revenues securing the Senior Bonds and any additional senior lien obligations hereafter issued.

The Subordinate Indenture defines "Net Revenues" to mean the remaining Revenues after deducting Operation and Maintenance Expenses, as defined below. Revenues include all income and revenue derived by the City from any rates, fees, tolls and charges for the services furnished by, or for the use of, the System, and which are to be deposited to, and accounted for in, the City's Airport Enterprise Fund including, but not limited to, the SkyWest maintenance facility lease payments. See "THE AIRPORT - Airport Revenues" for a description of the categories of revenues included in Revenues. The "System" is defined in the Subordinate Indenture to mean all of the City's airport facilities and properties now owned or hereafter acquired, whether within or without the City's boundaries. Excluded from Revenues are "Excluded Revenues," which include PFC Revenues (which PFC Revenues are pledged to the 2011

Senior Bonds), grant revenues and CFC Revenues. ***The Subordinate Series 2015 Bonds are not secured by or payable from Excluded Revenues.***

"Operation and Maintenance Expenses" include current expenses incurred for operation, maintenance or repair of the System of a non-capital nature, and include, without limitation, administrative and general expenses, insurance premiums, lease rentals, legal, regulatory, and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds or other employee benefit funds which are properly chargeable to current operations, payroll tax expenses and any other expenses required to be paid by law or permitted by generally accepted accounting principles, including legal and overhead expenses of the City directly related to the administration of the System or otherwise allocated by the City to the System in accordance with Federal Aviation Administration ("FAA") requirements and applicable in the circumstances. Operation and Maintenance Expenses do not include any allowances for depreciation or amortization or any principal, redemption price or purchase price of, or interest on, any obligations of the City incurred in connection with and payable from Revenues or any assessment levied in lieu of municipal taxes.

Rate Covenant for Subordinate Series 2015 Bonds

Under the Subordinate Indenture, the City is obligated to establish rates and charges for services rendered by the System that are reasonable and just, taking into account the cost and value of the System, Operation and Maintenance Expenses, possible delinquencies, proper allowances for depreciation, contingencies and the amounts necessary to meet all Debt Service Requirements, as defined below. There shall be charged against all users, including the State and its subdivisions, rates and charges sufficient to produce Net Revenues and any Pledged Excluded Revenues at least equal to 115% of the aggregate Debt Service Requirements for the applicable fiscal year for <u>both</u> the Senior Bonds and the Subordinate Series 2015 Bonds, and any parity obligations of either (the "Subordinate Rate Covenant"). For purposes of the forgoing, "Pledged Excluded Revenues" shall mean any Excluded Revenues pledged for the payment of the Senior Bonds and the payment of any additional permitted obligations. The Subordinate Rate Covenant is an additional contractual undertaking of the City under the Subordinate Indenture from the Senior Rate Covenant under the Senior Indentures, *i.e.*, in determining compliance, the City will calculate each independently.

"Debt Service Requirements" for any period means the sum of (a) the amount required to pay the interest on the Subordinate Series 2015 Bonds, and any permitted Parity Subordinate Obligations (as described below), payable from Net Revenues during such period; and (b) the amount required to pay the principal or redemption price of Subordinate Series 2015 Bonds, and any permitted Parity Subordinate Obligations, payable from Net Revenues whether at stated maturity, upon mandatory redemption or upon the exercise of any option to redeem such obligations, and any amount of other income of the System not constituting Net Revenues pledged to paying such debt service, for the period such amounts are committed.

Before the delivery of the Subordinate Series 2015 Bonds, the City is required to establish and levy the required rates and charges to meet the Subordinate Rate Covenant. No reduction in any initial rate schedule may be made unless:

(i) The City has certified to the Subordinate Trustee its compliance with the Subordinate Rate Covenant and the other provisions of the Subordinate Indenture for at least one fiscal year immediately preceding the reduction; and

(ii) The audits for the full one fiscal year immediately preceding such reduction disclose that the estimated Net Revenues and any Pledged Excluded Revenues resulting from the proposed rate schedule will be sufficient to meet the Subordinate Rate Covenant; or

(iii) A reduction is accomplished in accordance with the City's agreements with air carriers, provided that no reduction will be permitted which will produce Net Revenues less than the Subordinate Rate Covenant.

The Subordinate Trustee is under no duty to monitor the City's compliance with these covenants.

The Net Revenues and any Pledged Excluded Revenues are intended to be used only for the City's airport purposes and cannot be transferred to other funds of the City for other purposes, unless such transfer is permissible under regulations governing the Airport and applicable accounting standards and does not cause a default in the obligations to pay Debt Service Requirements. See "AIRPORT REGULATIONS - Rates and Charges Regulation."

Flow of Funds

On or before three (3) days prior to each March 1 and September 1 during the time the Subordinate Series 2015 Bonds are outstanding, the City shall pay to the Subordinate Trustee for deposit in the Bond Fund established under the Subordinate Indenture, an amount from Net Revenues in immediately available funds as may be necessary, after taking account of any amounts then on deposit in the Bond Fund, to pay, subordinate to the Senior Bonds, the interest and principal payments then coming due on the Subordinate Series 2015 Bonds.

The Subordinate Indenture also provides for the establishment of the Costs of Issuance Fund, the Rebate Fund and the Reserve Fund.

The Senior Indentures provide for similar payment requirements, such that the City makes payments to the bond trustee for the Senior Bonds on or before three (3) days prior to each March 1 and September 1 during the period the Senior Bonds are outstanding. See **APPENDIX A** - "REPORT OF THE AIRPORT CONSULTANT – Figure 10" for a schematic of the flow of funds.

Reserve Fund for the Subordinate Series 2015 Bonds

The Subordinate Indenture provides for the creation of a separate fund with the Subordinate Trustee as a trust fund, designated as the "Reserve Fund, Subordinate Series 2015" (the "Reserve Fund"). The Reserve Fund will be funded on the date of closing in an amount equal to the lesser of 125% of the average annual Debt Service, the maximum annual Debt Service, or the lesser of 10% of the proceeds or the principal amount of the Subordinate Series 2015 Bonds, which may be in the form of cash or Permitted Investments or a Reserve Fund Insurance Policy (the "Reserve Requirement"). Any money that is held in the Reserve Fund shall be held in trust for the payment when due of Subordinate Series 2015 Bond Payments. If the money on hand in the Bond Fund three Business Days prior to any Payment Date is not sufficient to pay the Bond Payment then due, the Subordinate Trustee shall draw upon the balance in the Reserve Fund in order to pay the Bond Payment when due. If there is a deficiency in the Reserve Fund as a result of a withdrawal from the Reserve Fund, the City is required to make up the deficiency prior to the next Payment Date. At the time of issuance of the Subordinate Series 2015 Bonds, the Reserve Requirement for the Subordinated Series Bonds will equal $794,243.76 and will be funded with cash and/or authorized investments.

The City has established with the bond trustee for each of the Senior Bond issues outstanding a funded debt service reserve fund that secures the applicable series of Senior Bonds. **Such debt service reserve funds securing the applicable series of Senior Bonds do not secure the Subordinate Series 2015 Bonds. Any replenishment or other funding of the debt service reserve funds for the Senior Bonds shall occur from Net Revenues prior to the payments on the Subordinate Series 2015 Bonds.**

Issuance of Parity Subordinate Obligations Secured by Net Revenues

The Subordinate Indenture permits the issuance of additional obligations payable from and constituting a lien upon Net Revenues on a parity with or subordinate to the lien of the Subordinate Indenture and the Subordinate Series 2015 Bonds and other subordinate parity obligations by the adoption of a supplemental indenture. As a condition of issuing additional Parity Subordinate Obligations, the City must demonstrate that:

(i) The City is not, and has not been, in default of the Subordinate Indenture during the Fiscal Year immediately preceding the issuance of such additional Bonds, or if the Subordinate Indenture has not been outstanding for a full fiscal year, then for the longest period of time the Subordinate Indenture has been outstanding and the amount in the Reserve Fund is at least equal to the Reserve Requirement, and City has maintained Net Revenues at least equal to 115% of the Debt Service Requirements for at least the preceding 12 months for <u>both</u> the Senior Bonds and the Subordinate Series 2015 Bonds, and any parity obligations of either;

(ii) Either of the following: (a) a Consultant's Report shows that Net Revenues projected for the life of the additional Parity Subordinate Obligations (and covering at least five (5) Fiscal Years following completion of the proposed project) will be at least equal to 115% of the aggregate Debt Service Requirements on the outstanding obligations constituting a lien upon Net Revenues and on the Parity Subordinate Obligations proposed to be issued (excluding reserves) for the said period; or (b) a written certificate by the City that the Net Revenues derived from the operation of the System for any period of twelve (12) consecutive months during the twenty-four (24) months immediately preceding the date of the supplemental ordinance or other document authorizing the issuance of any such Parity Subordinate Obligations shall have been sufficient to pay an amount representing 115% of the aggregate Debt Service Requirements on the outstanding obligations constituting a lien upon Net Revenues both Senior and Subordinate and on the additional Parity Subordinate Obligations proposed to be issued (excluding reserves) for such period; and

(iii) Each such additional obligation shall be secured by a cash reserve fund or Reserve Account Credit Enhancement (as defined in the Subordinate Indenture) in an amount sufficient to cause to be on deposit an amount equal to the Reserve Requirement on the Subordinate Series 2015 Bonds and any additional obligations.

In calculating the Net Revenues to meet the requirements in (ii)(b) above, the City may take into consideration changes in Net Revenues estimated to occur under one or more of the following conditions for each year after delivery thereof for so long as the Subordinate Series 2015 Bonds, the additional bonds and other parity obligations shall be Outstanding:

(i) Any increase or decrease in Net Revenues which would result from any change in rates or charges adopted prior to the issuance of the additional Parity Subordinate Obligations; and/or

(ii) Any increase or decrease in Net Revenues estimated to result from any additions, betterments, and improvements to and extensions of any facilities of the System which (i) became fully operational during such twelve (12) month period; (ii) were under construction at the time of the issuance of the additional Parity Subordinate Obligations; or (iii) will be constructed from the proceeds of the additional Parity Subordinate Obligations proposed to be issued.

As described below in "The Senior Bonds; Parity Debt", the Senior Indentures contain additional requirements that must be satisfied prior to the issuance of additional obligations for so long as the Senior Bonds remain outstanding. See "DESCRIPTION OF THE SUBORDINATE SERIES 2015 BONDS - Change to Covenants."

Subordinate Obligations. The City may issue other obligations having a lien on Net Revenues subordinate to the lien of the Subordinate Indenture.

Refunding Subordinate Obligations. The City may refund any outstanding obligations having a lien upon Net Revenues, including the Subordinate Series 2015 Bonds, on a parity with the Subordinate Series 2015 Bonds if (1) the lien of the refunding obligations is on a parity with the lien created by the Subordinate Indenture and (2) the total Debt Service is reduced by the refunding as certified by the City or if the total Debt Service is not reduced the City shall comply with the requirements for issuance of additional parity obligations described above.

The Senior Bonds; Parity Debt

The Subordinate Series 2015 Bonds are secured by Net Revenues on a subordinate basis to the Senior Bonds and any additional parity obligations issued under the Senior Indentures. The 2011 Senior Bonds also have a prior and exclusive claim on PFC Revenues, which are Excluded Revenues as described above. ***PFC Revenues are not pledged to and do not secure the Subordinate Series 2015 Bonds***.

The Senior Bonds are outstanding in the amounts described above, and scheduled payments of debt service on the Senior Bonds are as shown in "DEBT SERVICE SCHEDULE" and **APPENDIX A** - "REPORT OF AIRPORT CONSULTANT" in Section 5.8 and in Exhibit G thereto. Following is a summary of certain provisions of the Senior Indentures, including, but not limited to, sections of the Senior Indentures detailing the rate covenant for the Senior Bonds, debt service deposits for the Senior Bonds, and the issuance of additional Senior Parity Obligations. These summaries do not purport to be comprehensive or definitive, and copies of the Senior Indentures are on file with the City.

Senior Bonds Rate Covenant. Under the Senior Indentures, the City has agreed that it will establish rates and charges for services rendered by the System that are reasonable and just, taking into account the cost and value of the System, Operation and Maintenance Expenses, possible delinquencies, proper allowances for depreciation, contingencies and the amounts necessary to meet all Debt Service Requirements for the Senior Bonds (as defined below), which rates and charges shall be sufficient to produce Net Revenues at least equal to 125% of the maximum Debt Service Requirements for Senior Bonds for the applicable fiscal year (the "Senior Rate Covenant"). The City can include applicable pledged PFC Revenues in its calculation of the Senior Rate Covenant for the 2011 Senior Bonds.

"Debt Service Requirements" for the Senior Bonds for any period means the sum of (a) the amount required to pay the interest on the Senior Bonds and any permitted parity obligations, payable from Net Revenues during such period; and (b) the amount required to pay the principal or redemption price of the Senior Bonds and any permitted parity obligations, payable from Net Revenues whether at stated maturity, upon mandatory redemption or upon the exercise of any option to redeem such obligations, and any amount of other income of the System not constituting Net Revenues irrevocably committed to paying such debt service, for the period such amounts are committed.

Issuance of Additional Senior Parity Obligations Secured by Net Revenues. As a condition of issuing additional Senior Parity Obligations, the City must demonstrate that:

(i) The City is not, and has not been in default of the Senior Indenture during the Fiscal Year immediately preceding the issuance of such additional Senior Parity Obligations, or if the Senior Indenture has not been outstanding for a full fiscal year, then for the longest period of time the Senior Indenture has been outstanding and the amount in the debt service reserve fund for the Senior Bonds is at least equal to the applicable debt service reserve requirement, and City has maintained Net Revenues at least equal to 125% of the Debt Service Requirements for the Senior Bonds for at least the preceding 12 months;

(ii) Either of the following: (a) a Consultant's Report shows that Net Revenues projected for the life of the additional Senior Parity Obligations (and covering at least five (5) Fiscal Years following completion of the proposed project) will be at least equal to 125% of the Debt Service Requirements on the outstanding Senior Bonds constituting a lien upon Net Revenues and on the Senior Parity Obligations proposed to be issued (excluding reserves) for the said period; or (b) a written certificate by the City that the Net Revenues derived from the operation of the System for any period of twelve (12) consecutive months during the twenty-four (24) months immediately preceding the date of the supplemental ordinance or other document authorizing the issuance of any such Senior Parity Obligations shall have been sufficient to pay an amount representing 125% of the Debt Service Requirements on the Senior Bonds constituting a lien upon Net Revenues and on the Senior Parity Obligations proposed to be issued (excluding reserves) for the said period; and

(iii) Each such additional obligation shall be secured by a cash reserve fund or reserve account credit enhancement in an amount sufficient to cause to be on deposit an amount equal to the applicable reserve requirement.

In addition, the Subordinate Indenture provides that, in connection with the issuance of additional Senior Parity Obligations, the City shall comply with the debt service coverage requirements set forth above in clause (ii) under the subsection *Issuance of Parity Subordinate Obligations Secured by Net Revenues* above, which are also set forth in Section 2.11.A.4 of the form of the Subordinate Indenture included in APPENDIX B.

Senior Debt Service Deposits. On or before three (3) days prior to each interest and principal payment date for so long as the Senior Bonds are outstanding, the City shall pay to the Senior Trustee for deposit in the bond funds established under the Senior Indentures, an amount from Net Revenues in immediately available funds as may be necessary, after taking account of any amounts then on deposit in such bond funds, to pay, senior and prior to payments on the Subordinate Series 2015 Bonds, the interest and principal payments then coming due on the Senior Bonds.

Debt Payment Record

Since its creation, the City has not been in default in the payment of principal of or interest on any of its Bond indebtedness or in any other material respect, nor have any material agreements or legal proceedings with respect thereto been declared invalid or unenforceable.

THE PROJECT

Background

In September, 2014, the City and SkyWest Airlines, Inc. ("SkyWest") entered into a Development Agreement (the "Development Agreement"), pursuant to which SkyWest undertook the construction of a maintenance hangar facility (the "Hangar Facility") on an approximately nine-acre site at the Airport. Construction of the Hangar Facility is underway and is expected to be substantially completed by September 1, 2015. The City and the Airport are concurrently constructing a taxiway and service road extension to provide access from the airfield and the landside to the Hangar Facility.

Upon substantial completion of construction of the Hangar Facility and the access work, the City will purchase the Hangar Facility for its actual cost of construction, subject to a maximum of $19.5 million. The City will apply up to $8,000,000 in available funds from the City's Airport Enterprise Fund, and the net available proceeds of the Subordinate Series 2015 Bonds, to acquire the Hangar Facility.

At the time the City purchases the Hangar Facility from SkyWest, the City and SkyWest will enter into a lease agreement (the "SkyWest Lease Agreement") with a term of 25 years pursuant to which SkyWest leases the Hangar Facility from the City and makes facility lease payments equal to the sum of debt service on the Subordinate Series 2015 Bonds and amortization of the Airport's cash contribution at a rate of 4.5%. SkyWest will also make annual ground lease payments of $110,500 to the City. **APPENDIX H** - "SUMMARY OF SKYWEST LEASE AGREEMENT" contains a brief description of the Skywest Lease Agreement.

Hangar Facility

This component of the Project consists of the construction of an approximately 133,000 SF aircraft maintenance hangar with accessory offices. The total leased premises comprise approximately 12.14 acres and are located on previously undeveloped airport property southeast of the airfield.

The hangar construction will be a pre-engineered steel building. The Hangar Facility will include an aircraft parking apron on the north side of up to 103,500 SF, along with a 103 stall parking lot on the south side. Access to the hangar will be via a new 300' driveway connecting directly onto Gowen Road. The hangar work will also include the construction of all interior partitions, doors, hardware and finishes for the office and support spaces, complete mechanical HVAC systems for the hangar and office areas, plumbing systems and electrical connections. The proposed hangar is outside the RPZ and all TERP surfaces. No material impacts or changes to NAVAIDS, flight procedures, aircraft traffic, or airport capacity are associated with the Project. Storm water from the hangar development will be disposed in retention ponds adjacent to the project site.

Airport Vehicle Service Road

This component of the Project consists of the construction of an approximately 1700' by 25' airport vehicle service road. The vehicle service road will connect the Hangar Facility to the existing airport vehicle service road. The vehicle service road will be constructed of asphaltic concrete. Storm water run-off from the roadway will be collected and directed into the existing airfield storm water collection system. The roadway construction will use existing material sources adjacent to the Airport.

Estimated Sources and Uses of Funds

The proceeds of the Subordinate Series 2015 Bonds are estimated to be applied as shown in the following table:

Estimated Sources and Uses of Funds

Sources of Funds:	
Principal Amount of Subordinate Series 2015 Bonds	$12,665,000.00
Less: Net Original Issue Discount	(61,425.30)
City Equity Contribution[(1)]	8,000,000.00
Total Sources	**$20,603,574.70**
Uses of Funds:	
Purchase of Hangar Facility	$19,500,000.00
Debt Service Reserve Fund	794,243.76
Costs of Issuance[(2)]	309,330.94
Total Uses	**$20,603,574.70**

(1) Approximate; final amount to be determined at Closing (see "THE PROJECT").

(2) Includes Underwriter's compensation, legal fees, fees of the financial advisor and airport consultant, printing and rating agency costs, and miscellaneous other expenses in connection with the issuance of the Subordinate Series 2015 Bonds.

AIRPORT COMMISSION

A commission of up to eight members (the "Airport Commission") oversees the administration and operation of the Airport. The members are appointed by the Mayor with the consent of the City Council. Ex-officio members, consisting of the Mayor and the member(s) of the City Council, are assigned as liaisons to the Airport Commission. The term of office is three years (except for the youth commissioner, whose term is one year). The chairman, vice chairman and secretary to the Airport Commission are selected by its members. The secretary need not be a member of the Airport Commission. The Airport Commission performs only an advisory role with respect to the City's indebtedness for the Airport; under the Idaho Municipal Revenue Bond Act, the power to incur indebtedness for the Airport is reposed in the City Council.

Boise Airport Commissioners

Mary Carol "M.C." Niland. Mary Carol "M.C." Niland is President and CEO of WITCO (Western Idaho Training Company, Inc.) a workforce training and placement company located in Caldwell, Idaho. She also serves as a member of the Board of Trustees of the College of Western Idaho, the largest and only publicly funded community college in Southwest Idaho.

Russell Westerberg. Russell Westerberg is a principal in Westerberg & Associates, a government relations firm headquartered in Boise. Mr. Westerberg has served in the Idaho Legislature and as an appointed member to the State Aeronautics Board. Mr. Westerberg is a licensed private pilot and a member of the Idaho Aviation Association.

Major General Gary L. Sayler. Major Gen. Gary L. Sayler is the Adjutant General for the State of Idaho and Commanding General for the Idaho National Guard, Boise, Idaho. He has served in the United States Air Force since 1971.

Michael Pape. Michael Pape is the Division Administrator in the Idaho Division of Aeronautics, a department of Idaho State government. A graduate of Embry-Riddle Aeronautical University, he holds numerous flight related certificates and ratings.

Meg Carlson. Meg Carlson is principal and co-founder of the C&H Group, a business intermediary firm headquartered in Boise. Ms. Carlson received her Bachelor of Arts from the University of Idaho and her MBA from Washington State University.

William Connors. Bill Connors is the President and CEO of the Boise Metro Chamber of Commerce, which has more than 1,800 area members that represent more than 80,000 employees. Mr. Connors has an extensive background in professional travel and aviation related services, having served as Executive Director for the National Business Travel Association and in other capacities.

Bill Vasconcellos. Following graduation with Honors in Economics from Stanford University, Bill Vasconcellos earned a J.D. degree from the University of California School of Law (Boalt Hall) and then served as a law clerk for the Idaho Supreme Court. He practiced law with the Eberle & Berlin law firm in Boise prior to becoming a financial advisor in 1989. Mr. Vasconcellos is currently a Senior Vice President for Wealth Management at UBS Financial Services in Boise, where his focus is on providing clients with access to world-class separate account managers, including muni bond specialists. He has earned designation of Certified Investment Management Analyst (CIMA®).

The Commission aids in the orderly and efficient administration and operation of the Airport in its primary role as advisor to the Director and the City Council and has several enumerated powers delegated to it by City ordinance.

Airport Staff

Rebecca Hupp - Airport Director

The Airport Director manages and supervises the Airport and collects any and all fees due the City for the use of the Airport. The Airport Director also performs such other duties, as provided by State law, rules and regulations of the Airport Commission or by direction of the Mayor and City Council.

Rebecca Hupp serves as the Airport Director. An accredited member of the American Association of Airport Executives ("AAAE"), Ms. Hupp has over 20 years of professional airport management experience at airports ranging from large hub to small hub. Prior to commencing her position at the Airport in April of 2012, Ms. Hupp served as director of Bangor International Airport in Bangor, Maine. Ms. Hupp previously served as President of the Northeast chapter of the AAAE.

Mike O'Dell, Deputy Director - Finance and Administration

Mr. Mike O'Dell came to the Airport in 1999 with five years prior experience in public accounting. Before joining the airport as Finance Manager, he became familiar with the Airport as an external auditor. He is a member of AICPA (American Institute of Certified Public Accountants) and the ISCPA (Idaho Society of Certified Public Accountants). A Montana native, Mr. O'Dell received an accounting degree from Boise State University and an MBA from the University of Wyoming.

THE AIRPORT

The Airport has been municipally owned and operated since 1939. The Airport is a division of the City of Boise Department of Aviation. As is shown in the illustration below, the Airport is located approximately four miles southwest of the business center of the City near Interchange No. 53 on U.S. Interstate 84 which serves as the principal highway corridor through the Boise City-Nampa MSA and is the principal interstate route between Portland, Oregon and Salt Lake City, Utah. Ground transportation to and from the Airport is provided by private passenger vehicles, taxis and limousine services.

Illustration No. 1

Source: The Airport/Report of Airport Consultant.

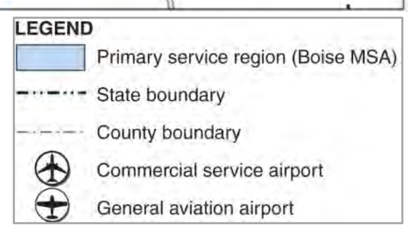
Report of Airport Consultant. The Report of the Airport Consultant included as **APPENDIX A** includes an examination of the underlying economic base of the Airport's service area, analysis of historical and projected activity at the Airport, a description of the Airport's capital improvement program and various financial analyses. Accordingly, while the following sections contain brief summaries of such data and information, reference is made to the Report of the Airport Consultant in its entirety for further and more detailed information, including but not limited to the Airport's role in the national air transportation system (such as the Airport's service region, and other commercial service airports in Idaho and adjacent states), existing facilities at the Airport, passenger airline and air cargo service and activity at the Airport (including origin and destination markets), and the composition and nature of the Airport's revenues and expenses.

Service Area

The primary air service area of the Airport consists of the Boise City-Nampa MSA (the "Primary Service Area"), which had a population of 664,422 in 2014, accounting for about 40% of Idaho's total population of 1.6 million. Ada County includes the City of Boise City and accounts for about 64% of the population of the Boise City – Nampa MSA. As the map shows, Boise's geographic isolation creates a service market that is highly dependent on air transportation. The Primary Service Area is depicted in the map below. For additional information concerning the region the Airport serves, see **APPENDIX E** - "GENERAL AND ECONOMIC INFORMATION" and **APPENDIX A** - "REPORT OF THE AIRPORT CONSULTANT."

Illustration No. 2

Source: The Airport/Report of Airport Consultant.



Nearest Airports

The Airport is classified by the FAA as a small hub airport. The nearest commercial service airports, the FAA classifications for the regions they serve, and the highway miles from the Airport are set forth below.

Table One

City	FAA Hub Classification	Approx. Highway Mileage From the Airport
Seattle-Tacoma	Large	509
Portland	Large	426
Salt Lake City	Large	340
Spokane	Small	426
Twin Falls	Nonhub	131
Pocatello	Nonhub	225
Idaho Falls	Nonhub	279

Airport Facilities

Passenger Terminal Building. The Airport's terminal facilities underwent a major expansion and renovation, which was completed in 2004. The terminal is 373,580 square feet and contains a basement that is used for storage, a first floor for baggage claim and car rentals, a second floor for ticketing, and a third floor where administrative offices and conference rooms are located.

Vehicle Parking. Vehicle parking for the passenger terminal complex includes public, employee and rental car space. A total of 337 surface parking stalls are provided to be used for short-term parking. The parking garage and other surface parking, together provide a total of 2,542 parking stalls for long-term parking.

In addition, the surface economy parking lot, which is located approximately one and one-half miles from the Airport terminal, has 1,330 spaces (this lot is currently closed and is only used for overflow purposes when the close-in facilities reach capacity). The rental car ready return lot is a surface parking lot that has 363 spaces. In 2012, the Airport completed a $2.6 million project to install canopies to cover all ready return stalls in the rental car parking lot. This project was funded using CFC Revenues. There is also employee parking consisting of 609 spaces.

Air Cargo Facilities. The air cargo area is located east of the terminal building in a newly expanded extension of the terminal apron area. Cargo airlines serving the Airport as of May 2015 include Ameriflight, FedEx, United Parcel Service, and Western Express Airlines.

General Aviation Facilities. The Airport performs a variety of general aviation functions serving the needs of aviators, from student pilots to corporate executives. The Airport services private pilots and private airplane hangars, but the primary usage is by corporations that maintain corporate jets and aviation facilities at the Airport.

Other Aviation Facilities. There are three other significant aviation groups at the Airport: two Idaho National Guard units and the National Interagency Fire Center. The Idaho Air National Guard and the Army National Guard have operational flying units located at the Airport. The combined area of the airfield under military control is approximately 570 acres. In addition to the main hangar, there are nine buildings, including a rescue and firefighting building. The Idaho Air National Guard is currently the only operation using the Airport's third runway, but the Airport retains full access to it. The National Interagency Fire Center is a national center for forest fire fighting and other catastrophic assistance. The agency operates a variety of specialized aircraft used for "bombing" of forest fires.

Support Facilities. Several support facilities serve as critical links in providing the necessary required support to aircraft ground operations, aircraft emergency rescue, firefighting, fuel storage and airport maintenance. The City operates and maintains the Airport's sewer system. Electricity, natural gas and water are provided by private utilities.

Airlines Serving the Airport

As of May 31, 2015, the Airport was served by three mainline passenger airlines, four regional affiliates, and two low cost carriers, as well as all-cargo and charter air service, as follows:

Table Two
Carriers Serving the Airport

Major / national	All-cargo
Delta Air Lines	Ameriflight
Southwest Airlines (low cost carrier)	FedEx
United Airlines	United Parcel Service
American Airlines	Western Air Express
Allegiant Air (low cost carrier)	

Regional / commuter	Charter
Horizon Air (Alaska)	Gem Air
SkyWest (Delta Connection, United Express)	Idaho Helicopters
GoJet (United Express)	McCall Air Taxi (Aviation)
Shuttle America (United Express)	Kalitta Charters

Source: City of Boise/Report of Airport Consultant.

Airline Agreements

The City currently has entered into agreements (the "Airline Agreements") with five signatory airlines: Delta, Horizon (Alaska), Southwest, United, and US Airways (American) (the "Signatory Airlines"). The Airline Agreements are for five-year terms ending September 30, 2015. The City expects to that it will enter into successor airline agreements with the Signatory Airlines at the Airport by the fall months of 2015, which successor agreements are anticipated to have terms of five years and will otherwise be similar to the current Airline Agreements.

Key provisions of the Airline Agreements include:

- *Approval of Capital Projects*. With certain exceptions, the agreements allow a Majority-in-Interest ("MII") of Signatory Airlines to disapprove proposed capital expenditures for improvements and developments which are to be included in terminal rents and landing fees. In the event a Signatory Airline does not submit a disapproving vote, the Signatory Airline is presumed to have approved the proposed capital expenditure. In the event a MII of the Signatory Airlines disapproves a capital expenditure, the City may proceed with the expenditure as long as the project is deferred 21 months after the disapproval.

The Project is not subject to the MII process set forth in the Airline Agreement.

- *Cost Centers*. The agreements establish the following Cost Centers: (1) Airfield, (2) Terminal, (3) Parking and Airport Roads, and (4) Other. A separate Jetbridge cost center is included in the Terminal cost center.

- *Calculation of Terminal Rental Rates and Landing Fees*. The agreements establish the methodology for calculating terminal rental rates and landing fees. Terminal rental rates are set based on a cost center residual methodology for the Terminal cost center. Landing fees are set on a cost center residual methodology for the Airfield and Parking and Airport Roads cost centers, with certain allowances for deposits into the Capital Improvement Fund.

Several non-scheduled carriers serve the Airport and pay higher landing fees than those paid by Signatory Airlines. All-cargo airlines that lease or sublease space at the Airport and that request signatory status are granted such status, provided they maintain proper insurance coverage and name the Airport as an additional insured. Three all-cargo airlines have been given signatory status.

Airline Information

Certain airlines operating at the Airport are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended. In accordance therewith, certain information, including financial information, concerning such airlines or their respective parent corporations, is disclosed in certain reports and statements filed with the Securities and Exchange Commission (the "SEC"). In addition, airlines are required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. Copies of such reports can be obtained from the Department of Transportation at prescribed rates. No airline has made any agreement regarding the continuing disclosure of information for the benefit of the holders and beneficial owners of the Subordinate Series 2015 Bonds. *The information under this caption is for informational purposes only, is not intended to be incorporated by reference into this Official Statement and will not be subject to update by the City.* See "CONTINUING DISCLOSURE - No Continuing Disclosure Undertakings by Airlines."

Recent Passenger Activity

The number of enplaned passengers at the Airport decreased between Fiscal Years 2000 and 2014 at a compound annual rate of 0.8%, primarily due to the effect of the 2001 economic recession, the most recent economic recession and overall airline industry capacity reductions. In Fiscal Year 2014, a total of 1.348 million passengers were enplaned at the Airport, which represents a 3.2% increase from the prior year. See "REPORT OF AIRPORT CONSULTANT" and **APPENDIX A** - "REPORT OF AIRPORT CONSULTANT." For the six months ended March 31, 2015, the Airport experienced a 7.2% increase in enplaned passengers when compared to the same six-month period in 2014.

The following table illustrates the enplanements at the Airport from calendar years 2000 through 2014 and the first six months of Fiscal Year 2015.

Table Three
Historical Enplaned Passengers[1]

	Network airlines					Annual percent
Fiscal year	Mainline airlines	Regional airlines	Total	Low cost carriers	Total	increase (decrease)
2000	540,588	508,195	1,048,783	456,105	1,504,888	--%
2001	533,830	484,383	1,018,213	458,356	1,476,569	(1.9)
2002	398,252	527,731	925,983	438,034	1,364,017	(7.6)
2003	403,295	544,412	947,707	421,084	1,368,791	0.3
2004	496,365	493,971	990,336	416,335	1,406,671	2.8
2005	568,093	549,863	1,117,956	432,490	1,550,446	10.2
2006	549,031	600,238	1,149,269	479,723	1,628,992	5.1
2007	447,903	721,738	1,169,641	504,368	1,674,009	2.8
2008	388,692	730,132	1,118,824	530,710	1,649,534	(1.5)
2009	299,097	616,058	915,155	489,166	1,404,321	(14.9)
2010	246,890	646,428	893,318	502,078	1,395,396	(0.6)
2011	274,759	606,635	881,394	512,217	1,393,611	(0.1)
2012	315,468	604,574	920,042	408,725	1,328,767	(4.7)
2013	326,030	615,996	942,026	364,516	1,306,542	(1.7)
2014	361,404	638,508	999,912	348,075	1,347,987	3.2
2015[2]	202,131	309,720	511,851	171,999	683,850	7.2[3]

(1) Includes enplaned passengers on charter and other airlines.
(2) Represents partial year through March, 2015 (six months).
(3) As compared to the same six-month period in 2014.

Source: The Airport/Report of Airport Consultant.

From Fiscal Year 2015 through Fiscal Year 2020, the number of passengers enplaned at the Airport is forecast to increase an average of 1.5% per year to approximately 1.572 million in Fiscal Year 2021, based on a recovering economy in the United States and in the Primary Service Area, and other economic factors described in the Report. See "REPORT OF AIRPORT CONSULTANT" and **APPENDIX A** - "REPORT OF AIRPORT CONSULTANT."

Airports and airport analysts frequently evaluate an airport's stability and sustainability for airline operations by using an index (the "CPAX") that divides total signatory passenger airline payments by the total number of enplaned passengers. The Airport has maintained a low CPAX as a result of its cost controls and relatively low level of debt. For the fiscal years ended September 2013 and 2014, the Airport's CPAX was $4.59 and $4.60, respectively. This compares to a median CPAX of $8.34 for all US airports in 2013 and a median CPAX of $7.39 for such year for airports in the small hub category in which the Airport is classified.

Origin & Destination Passenger Traffic

Aviation analysts often refer to the Airport as an "origin and destination" ("O&D") airport because it primarily serves passengers beginning or ending their trips at the Airport, as opposed to passengers connecting through Boise to other cities. Methods of calculating O&D traffic vary, but the Airport estimates that in 2015, approximately 95 percent of total passengers enplaned at the Airport were O&D

passengers. At Airports primarily serving O&D passengers, air traffic is more dependent upon the economy and population of the airport's service region than upon the financial condition and route decisions of individual airlines.

As of June 2015, scheduled passenger airlines provided 60 daily nonstop departures to 17 airports in 15 cities.

Airport Revenues

Revenues include airline terminal rental and landing fee payments, other airline revenues, and nonairline revenues from terminal concessions, including car rentals (rent and percentage fees but not CFC Revenues), parking, space rentals, general aviation activity, cargo facilities, and other revenues, including interest income.

Landing Fees. The landing fee rate per 1,000 pounds of landed weight for Signatory Airlines at the Airport is determined by dividing (1) the sum of (a) the direct and allocated indirect Operation and Maintenance Expenses to the Airfield costs center, and any applicable depreciation, (b) minus nonairline Airfield revenues, the first $1,000,000 of net revenues from the Parking and Airport Road cost center, and 50% of net revenues from the Parking and Airport Road cost center of $1,000,000, by (2) the estimated Signatory Airline landed weight for the following fiscal year. Any shortfall or surplus in landing fee revenues is applied against the Airfield cost center in the following fiscal year. The landing fee for cargo airlines that lease facilities on-Airport is higher than the rate for the Signatory Airlines and lower than the rate for nonsignatory airlines.

Landed weight at the Airport is recorded according to the aircraft's certified maximum gross landed weight, which is the standard gross landing weight of an aircraft as determined by the FAA. Although changes in the landed weight do have an effect on the City's landing fee rates, under the Airline Agreements and the FAA's policy on rates and charges, see "AIRPORT REGULATIONS - Rates and Charges Regulation," increased landed weight does not result in higher landing fee revenue to the City, instead it reduces the landing fee rate.

Airline Terminal Rental Revenues. The terminal building rental rate per-square-foot per year at the Airport is calculated by dividing (1) the sum of the budgeted direct and allocated Operation and Maintenance Expenses to the terminal cost center, any applicable depreciation, and lease payments allocable to the terminal cost center minus the first $900,000 of terminal non-airline revenues, and 50% of terminal non-airline revenues over $900,000, by (2) the estimated airlines rented space, including exclusive and common-use space rented by the airlines. Any shortfall or surplus in terminal rental revenues is applied against the terminal cost center in the following fiscal year.

Rental Car Revenues. The City has executed an Automobile Rental Concession Agreement (the "Automobile Agreement") with eight companies to operate rental car concessions at the Airport (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty). Under the current agreements, the City receives privilege fees of 10% of gross revenues subject to a minimum annual guarantee, plus terminal rent and ground rentals. Rental car revenues are a function of passenger traffic, contract terms, and changes in the prices charged by the rental car companies. The term of the Automobile Agreement is seven years and expires in Fiscal Year 2021. The rental car companies at the Airport currently have 363 ready/return spaces adjacent to the terminal.

Parking Revenues. The City has entered into a management agreement for operation of the parking facilities at the Airport. The City increased parking rates to their current levels on October 1, 2010. In addition, employees at the Airport pay for parking privileges on a monthly or annual basis in specially designated employee parking lots.

Concessions and Other Non-airline Revenues. The principal terminal concessions at the Airport are food and beverage, news and gifts, and advertising, and rental cars. See "AIRPORT FINANCIAL MATTERS - Summary of Historical Operating Results." Other terminal concession revenues include telephones and vending machines. The Airport enters into a number of contracts for concession services at the Airport, many of which are subject to minimum guaranty arrangements.

Rental Income and Other Revenues. Additional revenues include land rentals paid to the City for cargo, hangar, and other facilities at the Airport, as well as fees and rentals paid to the City by businesses located off the Airport. Other sources of revenue include inflight kitchen sales, interest income, miscellaneous income.

Excluded Revenues

PFC Revenues. The City's current PFC authorization of $4.50 goes through September 1, 2015. The City has received approval from the FAA to use a total of $109.9 million in PFC Revenues for debt-service related to PFC-approved project costs and the payment of PFC-approved costs on a pay-as-you-go basis. Through March 31, 2015, PFC Revenues received by the City, including investment earnings, totaled $106.9 million and $88.6 million has been expended on debt service and pay as you go projects, leaving a balance of PFC Revenues of $18.3 million. The balance of PFC Revenues and collections and interest earnings through September 1, 2015 are to be used toward the payment of eligible Debt Service on the 2011 Senior Bonds.

CFC Revenues. The rental car agencies at the Airport collect a Customer Facility Charge from customers that rent vehicles at the Airport. These funds are remitted to the Airport and designated to be used for rental car projects. The current rate is $1.20 per transaction day up to fourteen days per rental contract. The Subordinate Series 2015 Bonds are not secured by or payable from CFC Revenues.

CAPITAL IMPROVEMENT PROGRAM

As reflected in **APPENDIX A** - "REPORT OF THE AIRPORT CONSULTANT," the City has developed a 6-year Capital Improvement Program to provide $90.3 million of needed Capital Improvements at the Airport for Fiscal Years 2015 through 2021 (excluding financing costs and reserve funding associated with the Subordinate Series 2015 Bonds). The Project represents expenditures of approximately $19.5 million (or 22% of the total Capital Improvement Program).

In addition to the Project, the primary improvements in the Capital Improvement Program and their approximate costs are set forth below, which estimates are based on the Airport's master plan. The City has not finalized its plan for, or sources of, funding other future projects or their timing, although the current expectation is that the rental car facility improvements will be debt funded and secured by CFC Revenues. Whether the projects will, in fact, occur as planned will depend upon the Airport's needs and the availability of the sufficient funding. The City intends to initiate additional projects only in response to identified demand and only to the extent that a competitive cost structure is maintained at the Airport.

- Rental Car Facility Improvements ($9.0 million)
- Baggage System Upgrades - Phase 2 ($8.4 million)
- Taxiway Pavement Rehabilitation ($7.9 million)

Source: City of Boise.

APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT" attached hereto provides information on the Airport's Capital Improvement Plan.

AIRPORT REGULATIONS

Airport Regulation

The City operates the Airport pursuant to an airport operating certificate issued annually by the FAA after an on-site review. In addition to this operating certificate, the Airport is required to obtain other permits and/or authorizations from the FAA and from other regulatory agencies and is bound by contractual agreements included as a condition to receiving grants from the FAA's grant programs. Federal law also governs certain aspects of rate-setting and restricts grants of exclusive rights to conduct an aeronautical activity at an airport that receives or has received federal grants and other property. All long-term facility planning is subject to the FAA's approval; outside audits of the Airport's financial statements are subject to periodic audits by the FAA; the City's use of Airport revenues, which is generally limited to airport-related purposes, is subject to review by the FAA; and the City's use of PFC Revenues and grant proceeds is also subject to approval, audit and review. The City is also required to comply with the provisions of the federal Aviation and Transportation Security Act (the "Aviation Security Act"), with other federal security statutes and with the regulations of the Transportation Security Administration (the "TSA").

The Airport is also regulated by the federal Environmental Protection Agency and by the Idaho Department of Environmental Quality in connection with various environmental matters, including the handling of deicing materials and airline fuels and lubricants, protection of wetlands and other natural habitats, disposing of stormwater and construction wastewater runoff and noise abatement programs. The Airport's handling of noise, including restrictions and abatement programs, is also subject to the requirements of federal and State statutes and regulations. Security is regulated and managed by the TSA. To the best of its knowledge, the Airport is in compliance with these regulations and requirements.

Rates and Charges Regulation

The Federal Aviation Administration Authorization Act of 1994, as amended (the "FAA Act") and FAA regulations require that an airport maintain a rate structure that is as "self-sustaining" as possible and limit the use of all revenue generated by an airport receiving federal financial assistance (including local taxes on aviation fuel and other airport-related receipts) to purposes related to the airport. The statutes and regulations provide that for all airports, with certain exceptions, the use of airport revenue for purposes other than the capital or operating costs of the airport, the local airport system or other local facilities owned or operated by the airport owner or operator and directly and substantially related to the air transportation of passengers or property is unlawful revenue diversion and provide for monetary penalties and other remedies in the event of violations. The FAA Act also provides that without air carrier approval, an airport may not include in its rate base debt service allocable to projects not yet completed and in service.

The FAA Act also includes provisions addressing the requirements that airline rates and charges set by airports receiving federal assistance be "reasonable" and authorizes the Secretary of Transportation to review rates and charges complaints brought by air carriers. During the pendency of a complaint, an airport is required to provide a surety bond or letter of credit or some other form of security to insure that the disputed portion of the fee is reimbursed to air carriers should the rates and charges be found to be unreasonable. The Secretary's order is subject to judicial review.

The FAA Act excludes from the airport fee-challenge process (i) a fee imposed pursuant to a written agreement with air carriers using the airport facilities, (ii) a fee imposed pursuant to a financing agreement or covenant entered into prior to August 23, 1994, the date the FAA Act was enacted, and (iii) any other existing fee not in dispute as of August 23, 1994. The FAA Act also provides that nothing in the provisions regarding airport fee challenges shall adversely affect the rights of any party under any existing written agreement between an air carrier and the owner or operator of an airport or the ability of an airport to meet its obligations under a financing agreement or covenant in force as of August 23, 1994. To date, no rate complaints have been filed against the Airport. It is the understanding of City management that for air carriers that sign the Airline Agreements or any other new agreements, these provisions of the FAA Act under most circumstances will not affect the airline rates, fees and charges set by the City. The provisions would apply, however, in the case of fees and charges set by resolution.

The FAA Act also requires the Secretary of Transportation to promulgate policy statements, regulations or guidelines establishing standards to be used in determining whether disputed airport rates and charges are "reasonable." Until February 2004, the Secretary of Transportation, acting through the FAA, was in the process of preparing guidelines for evaluating the reasonableness of landing fees and other charges to replace guidelines vacated in 1997 by the United States Court of Appeals for the District of Columbia. Because the Department of Transportation is currently studying rates and charges issued as part of its study of congestion pricing at airports, the FAA has withdrawn its advance notice of proposed policy regarding rates and charges. When or whether new guidelines will be published, the costs that will be permitted to be included in determining an airport's rate base, rules that could be promulgated as a result of the Department of Transportation's congestion pricing study and the extent to which such future rules and guidelines may limit the City's flexibility in negotiating new agreements with Signatory Airlines or in setting rates and charges by resolution for use of the Airport's airfield and non-airfield facilities, cannot be determined at this time. Any new federal guidelines or any standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport.

Pursuant to the FAA Act, rates and charges for services rendered by the Airport must be reasonable and just, taking into account the cost and value of the Airport operation and maintenance expenses, possible delinquencies, proper allowances for depreciation, contingencies, and the amounts necessary to meet all Debt Service Requirements. In the Subordinate Indenture the City agrees that there will be charged against all users, including the State and its subdivisions, rates and charges sufficient to meet the Subordinate Rate Covenant. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 BONDS - Rate Covenant."

AIRPORT FINANCIAL MATTERS

General

The audited financial statements of the City, which include the financial statements of the Airport Enterprise Fund, for the fiscal year ended September 30, 2014 are set forth in **APPENDIX C**, together with the Independent Auditors' Report thereon. Such financial statements are the City's general purpose financial statements, which show all City funds, many of which are not legally available for payment of the Subordinate Series 2015 Bonds. Only the Net Revenues, which are derived from amounts deposited to and accounted for in the City's Airport Enterprise Fund, are pledged to the payment of the Subordinate Series 2015 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SUBORDINATE SERIES 2015 BONDS."

Summary of Historical Operating Results

The following table summarizes selected operating results as extracted from the City's audited financial statements for the years ended September 30, 2010 through 2014 as well as estimated and unaudited operating results for the eight month period ended May 31, 2015. In its audited financial statements, the City does not account for proceeds of the federal capital grant receipts, CFCs, or PFCs as operating revenue and, accordingly, such proceeds are not included in the summaries of operating results presented below. See **APPENDIX C** attached hereto.

Table Four
Selected Historical Operating Results[1]
Years Ended September 30

	2010	2011	2012	2013	2014
Operating Revenue					
Airline landing fees	$3,607,000	$3,412,000	$3,108,000	$3,329,000	$3,446,000
Airline rent	3,911,000	3,688,000	3,513,000	3,548,000	3,629,000
Parking	7,007,000	7,435,000	7,341,000	7,440,000	8,109,000
Car rental	3,137,000	3,607,000	3,913,000	3,952,000	4,008,000
Concessions	1,468,000	1,524,000	1,524,000	1,322,000	1,360,000
Rental income [2]	2,184,000	2,469,000	2,439,000	2,714,000	2,740,000
Inflight food sales	350,000	327,000	390,000	418,000	386,000
Other	840,000	719,000	704,000	782,000	781,000
Total Operating Revenue	22,504,000	23,181,000	22,932,000	23,505,000	24,459,000
Operating Expenses					
Personnel	5,655,000	5,508,000	5,992,000	5,885,000	5,976,000
Maintenance and operating expense	11,779,000	11,861,000	11,739,000	11,840,000	12,354,000
Total Operating Expense	17,434,000	17,369,000	17,731,000	17,725,000	18,330,000
Operating Income	5,070,000	5,812,000	5,201,000	5,780,000	6,129,000
Nonoperating Revenue (Expense)					
Passenger facility charges	5,598,000	5,503,000	5,429,000	5,306,000	5,292,000
Customer facility charges	703,000	790,000	831,000	854,000	892,000
FAA/TSA operating grant	425,000	429,000	455,000	426,000	426,000
Transfers in	25,000	37,000	56,000	0	0
Asset write-offs	0	0	0	(1,686,000)	(23,000)
Interest revenue	762,000	474,000	429,000	(10,000)	361,000
Interest expense	(2,529,000)	(1,890,000)	(1,261,000)	(1,108,000)	(1,194,000)
Miscellaneous	0	0	0	37,000	37,000
Total Nonoperating Revenue (Expense)	4,984,000	5,343,000	5,939,000	3,819,000	5,791,000
Net Income Before Depreciation and Capital Contributions	10,054,000	11,155,000	11,140,000	9,599,000	11,920,000
Depreciation expense	(11,720,000)	(12,732,000)	(12,044,000)	(11,507,000)	(12,180,000)
Capital contributions, grants	5,754,000	4,753,000	7,267,000	4,738,000	5,499,000
Net Income After Depreciation and Capital Grants	4,088,000	3,176,000	6,363,000	2,830,000	5,239,000

(1) The attached financial statements, and the statements from which these numbers are derived, are the City's general purpose financial statements, which show all City funds, many of which are not legally available for payment of the Subordinate Series 2015 Bonds. Only amounts in the City's Airport Enterprise Fund are available for payment of the Subordinate Series 2015 Bonds.

(2) Includes non-airline terminal rentals and rental income from off-site facilities.

Source: City of Boise.

The City has prepared unaudited financial statements for the eight-month period ended May 31, 2015, with a comparison to the prior eight-month period ending May 31, 2014. The eight-month financial statements are presented as the books for the 2015 Fiscal Year have not yet been closed. The City expects the trends reflected herein to continue for the twelve-month period ended September 30, 2015 as it is unaware of any material changes expected in the last quarter of Fiscal Year 2015. Although the City believes the unaudited results are accurate and expects the trend to continue through the fiscal year end, the City's actual year-end results could differ based on a number of factors, including factors affecting the year-end results occurring in the last quarter of Fiscal Year 2015; typical adjustments to year end results during the course of the outside audit, and other factors. Inclusion of unaudited results of Airport operations herein is not a representation by the City of a year-end result.

Table Five
Interim Comparative Income Statement
Eight Months Ended May 31
(Unaudited)

	2015	2014
Operating Revenue		
Airline landing fees	$2,273,847	$2,170,361
Airline rent	2,511,271	2,370,851
Parking	6,017,847	5,279,780
Car rental	2,459,510	2,404,494
Concessions	954,950	848,447
Rental income [1]	1,971,926	1,848,559
Inflight food sales	195,589	238,788
Other	578,520	497,487
Total Operating Revenue	16,963,460	15,658,767
Operating Expenses		
Personnel	4,259,753	4,042,087
Maintenance and operating expense	7,856,256	8,107,881
Total Operating Expense	12,116,009	12,149,968
Operating Income	4,847,451	3,508,799
Nonoperating Revenue (Expense)		
Passenger facility charges	3,760,898	3,346,608
Customer facility charges	570,676	525,883
FAA/TSA operating grant	277,136	385,399
Transfers in	0	0
Asset write-offs	(697,852)	(4,266)
Interest revenue	321,194	253,243
Interest expense	(684,841)	(801,137)
Miscellaneous	20,656	6,602
Total Nonoperating Revenue (Expense)	3,567,867	3,712,332
Net Income Before Depreciation and Capital Contributions	8,415,318	7,221,131
Depreciation expense	(8,239,247)	(7,735,944)
Capital contributions, grants	1,298,292	144,124
Net Income After Depreciation and Capital Grants	1,474,363	(370,689)

[1] Includes non-airline terminal rentals and rental income from off-site facilities.

Source: City of Boise.

REPORT OF AIRPORT CONSULTANT

The Report of Airport Consultant dated July 17, 2015 (the "Report") included as **APPENDIX A** to this Official Statement was prepared by LeighFisher (the "Airport Consultant") in connection with the issuance of the Subordinate Series 2015 Bonds. The Report should be read in its entirety for an understanding of the information and underlying assumptions. The Report includes an examination of the underlying economic base of the Airport Service Area, analysis of historical and projected activity at the Airport, a description of the Airport's capital improvement program and various financial analyses, including a computation of Airport revenue forecasts and a computation of debt service coverage ratios during the forecast period (Fiscal Year 2015 through Fiscal Year 2021). The Report concluded, based on various assumptions described in the Report, that the Airport is forecast to generate Revenues sufficient to satisfy the requirements of the Subordinate Rate Covenant.

The following table shows historical debt service coverage for the fiscal years ended September 30, 2012 through 2014, and forecasted debt service coverage on outstanding obligations secured by Net Revenues for the fiscal years ending September 30, 2015 through 2021, as provided by the Airport Consultant.

APPENDIX A - "REPORT OF THE AIRPORT CONSULTANT" attached hereto provides detailed information on the Airport's debt service requirements, historical and projected Net Revenues, and historical and projected debt service coverage.

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Table Six

Historical and Projected Debt Service Coverage for the Years Ended September 30, 2012 through 2021

	Historical [a]			Estimate [b]	Forecast					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Revenues:										
Revenues	$23,950,024	$23,921,054	$25,314,029	$25,301,745	$27,759,000	$28,312,000	$28,875,000	$29,451,000	$30,043,000	$29,698,000
Expenses	$17,731,043	$17,804,061	$18,360,980	$18,618,000	$18,951,000	$19,381,000	$19,823,000	$20,275,000	$20,737,000	$21,208,000
Net Revenues	$ 6,218,981	$ 6,116,993	$ 6,953,049	$ 6,683,745	$ 8,808,000	$ 8,931,000	$ 9,052,000	$ 9,176,000	$ 9,306,000	$ 8,490,000
Pledged PFC Revenues (c)	3,343,215	3,477,627	3,478,414	3,483,000	3,480,000	3,480,000	3,481,000	3,483,000	3,481,000	-
Total Pledged Revenues	$ 9,562,196	$ 9,594,620	$ 10,431,463	$ 10,166,745	$ 12,288,000	$ 12,411,000	$ 12,533,000	$ 12,659,000	$ 12,787,000	$ 8,490,000
Senior Bonds Debt Service Requirements	$ 4,420,488	$ 5,247,340	$ 5,250,837	$ 5,253,000	$ 5,253,000	$ 5,253,000	$ 5,250,000	$ 5,254,000	$ 5,252,000	$830,000
Senior Bonds Coverage	2.16	1.83	1.99	1.94	2.34	2.36	2.39	2.41	2.43	10.23
Coverage requirement	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*
Subordinate Bonds Debt Service Requirements	-	-	-	-	843,000	846,000	847,000	843,000	846,000	843,000
Total Debt Service Requirements	$ 4,420,488	$ 5,247,340	$ 5,250,837	$ 5,253,000	$ 6,096,000	$ 6,099,000	$ 6,097,000	$ 6,097,000	$ 6,098,000	$ 1,673,000
All Bonds Coverage	2.16	1.83	1.99	1.94	2.02	2.03	2.06	2.08	2.10	5.07
Coverage requirement	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*

(a) City of Boise financial statements and records for years noted.
(b) Estimates and budget for years noted provided by City of Boise.
(c) Reflects PFC Revenues applied or to be applied by the City to payment of the Debt Service Requirements on the 2011 Senior Bonds.

Source: APPENDIX A - Report of Airport Consultant, Exhibit G.

DEBT SERVICE SCHEDULE

The following table shows estimated debt service for the Subordinate Series 2015 Bonds and debt service on the Senior Bonds.

Table Seven
Boise Airport Revenue Bond Debt Service

	Subordinate Series 2015 Bonds				
Year Ending December 31	Principal	Interest	Total Debt Service	Debt Service on Senior Bonds	Total Debt Service Requirements
2015	$0.00	$0.00	$0.00	$5,253,187.50	$5,253,187.50
2016	305,000.00	487,660.07	792,660.07	5,252,237.50	6,044,897.57
2017	340,000.00	452,843.76	792,843.76	5,252,837.50	6,045,681.26
2018	355,000.00	439,243.76	794,243.76	5,249,787.50	6,044,031.26
2019	365,000.00	427,706.26	792,706.26	5,254,137.50	6,046,843.76
2020	375,000.00	415,843.76	790,843.76	5,251,237.50	6,042,081.26
2021	390,000.00	403,656.26	793,656.26	829,600.00	1,623,256.26
2022	400,000.00	390,981.26	790,981.26	828,100.00	1,619,081.26
2023	415,000.00	376,981.26	791,981.26	826,150.00	1,618,131.26
2024	430,000.00	362,456.26	792,456.26	827,950.00	1,620,406.26
2025	440,000.00	349,556.26	789,556.26	828,750.00	1,618,306.26
2026	455,000.00	336,356.26	791,356.26	824,850.00	1,616,206.26
2027	470,000.00	322,706.26	792,706.26	825,500.00	1,618,206.26
2028	485,000.00	307,431.26	792,431.26	825,550.00	1,617,981.26
2029	500,000.00	291,062.50	791,062.50	825,000.00	1,616,062.50
2030	520,000.00	273,562.50	793,562.50	826,800.00	1,620,362.50
2031	535,000.00	254,062.50	789,062.50	827,400.00	1,616,462.50
2032	560,000.00	234,000.00	794,000.00	826,800.00	1,620,800.00
2033	580,000.00	213,000.00	793,000.00		793,000.00
2034	600,000.00	189,800.00	789,800.00		789,800.00
2035	625,000.00	165,800.00	790,800.00		790,800.00
2036	650,000.00	140,800.00	790,800.00		790,800.00
2037	675,000.00	114,800.00	789,800.00		789,800.00
2038	705,000.00	87,800.00	792,800.00		792,800.00
2039	730,000.00	59,600.00	789,600.00		789,600.00
2040	760,000.00	30,400.00	790,400.00		790,400.00
TOTALS	**$12,665,000**	**$7,128,110.19**	**$19,793,110.19**	**$41,435,875.00**	**$61,228,985.19**

THE CITY OF BOISE CITY

General Description

The City of Boise City, Idaho, organized in 1866 in accordance with Article 12, Section 1 and Article 18, Section 6 of the Idaho Constitution, is located in the Southwest portion of Idaho in Ada County (the "County") and serves as the Idaho State Capital. The City is the largest municipality in Idaho and has a population of 217,730 as of July 1, 2014. The City is governed by a Mayor and a six-member City Council.

The City is the principal business and government center of the Boise City Metropolitan Statistical Area (Boise City-Mountain Home-Ontario, ID or Boise City-Nampa MSA), which had an estimated population of 664,422 as of July 1, 2014. The MSA includes nearly 40% of Idaho's total population and consists of seven counties in southwestern Idaho, and Malheur County in Oregon.

Table Eight
Population Statistics

Years	Boise City	Ada County	State of Idaho
2014 Estimate	217,730	426,236	1,634,464
2010 Census	205,671	392,365	1,567,582
2000 Census	185,787	300,904	1,293,953
1990 Census	125,738	205,775	1,006,749

Source: U.S. Census Bureau, 2014 Quick Facts, Census 2010, Census 2000, 1990 Census, and the City of Boise Comprehensive Annual Financial Report FY 2014

Mayor-Council System

The City operates under the mayor-council system of government as a city of the first class under the general laws of the State with a mayor (the "Mayor") and six council members (the "City Council"). The Mayor is elected to a four-year term. City Council members are also elected for four-year terms, three being elected every two years to stagger the terms for continuity. The Mayor is the chief executive officer for the City, responsible for carrying out policies set by the City Council and for enforcing the City Code.

The following are the current members of the City Council:

Council Member	Position	Occupation	Term Expires
Maryanne Jordan	President	Idaho State Senator	2017
Ben Quintana	Member	Program Manager at St. Luke's Health System	2017
TJ Thomson	Member	Auditor	2017
Elaine Clegg	Member	Community planner	2015
Scot Ludwig	Member	Attorney	2015
Lauren McLean	Member	Non-profit business owner	2015

Organization

The Mayor, with consent of the City Council, appoints all department heads (except the Library Director which is appointed by and reports to the Library Board). The Mayor appoints, with City Council review, a variety of boards, commissioners and committees to provide citizen input and policy direction to the departments. The Citizen groups participate in the development of the departments' budget requests.

For financial reporting purposes, the City's operations are divided into eight general classifications: (1) general government, (2) fire, (3) police, (4) parks and recreation, (5) culture, (6) community service, (7) community development, and (8) interest and fiscal charges. The major classifications are subdivided into departments and those units are further subdivided into service units for budgeting, accounting and reporting purposes.

David H. Bieter, Mayor

David H. Bieter was elected Mayor of Boise in 2003 and re-elected in 2007 and 2011. Born and raised in Boise, Bieter is a graduate of Bishop Kelly High School, the College of St. Thomas in St. Paul, Minnesota, and the University of Idaho College of Law. He has worked as a municipal attorney for Ada and Bonner counties and several Idaho cities, and served five sessions in the Idaho House of Representatives.

As Mayor, Bieter has dedicated himself to making Boise the most livable city in the country. He created the first local government ethics commission in Idaho, succeeded in funding three new neighborhood libraries with no tax increase, and has overseen the addition of hundreds of acres of parks and Foothills open space. Bieter has provided leadership on the countywide *Blueprint for Good Growth* effort, worked with local businesses to streamline Boise's permit and inspection process, and was the first mayor in Idaho to sign the U.S. Mayors Climate Protection Agreement.

Lynda Lowry, CFO and Director of Finance & Administration

As the CFO and Director of Finance and Administration for the City of Boise, Lynda is responsible for directing the activities of the City's financial functions as well as overseeing administrative divisions such as the City Clerk's office. She has over 20 years of experience in financial and operational management covering a broad-spectrum of disciplines. Most recently, she worked for the global pharmaceutical company, F. Hoffman-La Roche, as a Global Financial Controller and Operations Director. In those roles, Lynda was responsible for leading the forecasting and budgeting process, managing financial strategy, leading the strategic planning process and directing the day-to-day operational activities for company's Neuroscience Research and Development Division. Prior to joining Roche, she led the long-term financial planning as a members of Genentech's Financial Planning and Analysis team. At Genentech, she also performed various ad hoc analyses to support strategic decisions at the Executive Committee and Board of Directors level. Earlier in her career, Lynda worked as a Portfolio Manager at GE Capital, managing a $100+ million asset-based commercial loan portfolio; analyzed investment opportunities for American Century Investments High Yield and Corporate Bond Funds as an Senior Investment Analyst; and assigned corporate credit ratings to debt issuances at a major credit rating agency.

Lynda holds a Bachelor of Science degree from Arizona State University, an MBA from DePaul's Kellstadt Graduate School of Business and is a Chartered Financial Analyst.

City Staff and Bargaining Units

As of September 30, 2014, the City has approximately 1,597 employees (excluding approximately 475 temporary employees currently engaged with the City), 519 of which are represented by labor unions as listed below:

Union	Employees Represented	Contract Expires
International Association of Firefighters	260	September 30, 2014 (Arbitration is in progress towards a new agreement)
International Brotherhood of Police Officers	259	September 30, 2018

Budgetary Process and Controls

The budgetary process was designed in four phases to bring together all of the financial elements needed to develop a sound budget plan. The first stage focuses on the long term financial plan to set parameters for budget development. The second stage focuses on capital needs and proposed capital plans. During stage three the current level operating budget is developed with requests for changes in services or level of funding. The goals, policies and priorities developed in the early stages provide the basis for decision making in the fourth stage - adoption of the budget includes all funding decisions, including services, capital facilities and revenue choices.

Budgets are adopted on a basis in substantial conformance with generally accepted accounting principles ("GAAP"). Capital plans are budgeted to identify all costs at the time of decision making although projects typically extend beyond a fiscal year for completion. Therefore, capital budgets and expenditures are presented differently than in the annual audit. Reconciliations are provided in the Comprehensive Annual Financial Report. Total appropriations represent budget amounts as originally adopted except for adjustments reflecting prior year encumbrances as supplemental appropriations and appropriation changes approved by the City Council during the year.

Financial Reporting

The financial statements of the City are prepared in accordance with GAAP.

The Airport Enterprise Fund

The operations of the municipal airport are accounted for in the Airport Enterprise Fund, which is categorized as an enterprise fund of the City. All operations, debt service, and capital improvements to the Airport are accounted for in the Airport Enterprise Fund.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business - where the intent of the governing body is that the costs (expenses, including depreciation) of providing those goods or services to the general public on a continuing basis be financed or recovered, primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds, including the Airport Enterprise Fund, are 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 their 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 Airport Enterprise Fund. The accrual basis of accounting recognizes revenues when they are earned, and expenses when the related liability is incurred.

Independent Audit

The City's financial statement audits for the fiscal years ended September 30, 2004 through 2014 were performed by Eide Bailly LLP, CPAs & Business Advisors, Boise, Idaho. The audit reports indicate the financial statements fairly present the City's financial condition and are in conformance with GAAP.

Investment Policy

The City has formally adopted investment guidelines for all funds under the jurisdiction of the City as authorized by Section 57-127, Idaho Code. Authorized investment instruments include only those specifically denoted by Section 50-1013, Idaho Code. Investments that fall outside the scope of the policies include the Police Social Security Replacement Plan and the General Employees Deferred Compensation Plan which are subject to the investment guidelines of state laws governing such plans which allow for investment in equity securities in addition to the investment alternatives as specified in the Idaho Code.

The investment policy, which has been adopted by the City Council, is generally governed by the "prudent person" rule. The City has adopted investment objectives including the primary objective to safeguard government funds, preserving safety of capital while at the same time providing for adequate liquidity and income to meet daily expenditure needs. The City utilizes an outside investment advisor to monitor the individual holdings daily and to maintain the portfolio diversified as to type of security, maturity, duration, and source.

The investment advisory arrangement is non-discretionary and all transactions are approved by the City prior to execution.

All investment transactions are conducted on a delivery vs. payment basis with delivery of all purchased securities to the City or a previously approved and designated bank or trust company as safekeeping and custodial agent. The only exception is for repurchase agreements with a maturity of five calendar days or less transacted with an approved Boise bank. City policy prohibits any investments in highly leveraged, interest sensitive derivative products, or in any authorized government investment pool, mutual fund or any other similar fund whose portfolios contain or permit such products. Reverse repurchase agreements are allowed only for liquidity purposes and are not allowed for leverage or speculation.

Debt Policy

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

Risk Management

In fiscal year 1986, the City began assuming certain levels of self-insured retention for liability and property coverage and continued to purchase commercial insurance coverage for large claims. During fiscal year 1988, the City established a Risk Management Fund (an internal service fund) to account for and finance its self-insured risks of loss. Effective October 1, 1998, the City funds began assuming certain levels of self-insured retention for Workman's Compensation. Amounts to be provided for coverage are based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. All funds of the City participate in workman's compensation, liability and property coverage except for: (i) the Airport Fund liability and (ii) Capital City Development Corporation (a related entity) workman's compensation, liability and property coverage. Due to the unique characteristics of Airport liability, the City purchases a separate policy to cover those liability exposures.

Pension System

The City's employees are covered under the Public Employee Retirement System of Idaho ("PERSI"). PERSI is the administrator of a multiple-employer cost-sharing defined benefit public employee retirement system. A retirement board (the "PERSI Board"), appointed by the governor and confirmed by the legislature, manages the system which includes selecting investment managers to direct the investment, exchange and liquidation of assets in the managed accounts and to establish policy for asset allocation and other investment guidelines. The retirement board is charged with the fiduciary responsibility of administering the plan.

PERSI is the administrator of six fiduciary funds, including two defined benefit retirement plans, the Public Employee Retirement Fund Base Plan ("PERSI Base Plan") and the Firefighters' Retirement Fund ("FRF"); two defined contribution plans, the Public Employee Retirement Fund Choice Plans 401(k) and 414(k) ("PERSI Choice Plans"); and two Sick Leave Insurance Reserve Trust Funds, one of State employers and one for school district employers. Net assets for all funds administered by PERSI increased over $2.0 billion for Fiscal Year 2014 and increased over $884 million during Fiscal Year 2013.

PERSI membership is mandatory for eligible employees of participating employers. Employees must be: (i) working 20 hours per week or more; (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. On July 1, 2014, PERSI had 66,223 active members, 28,723 inactive members (of whom 11,504 are entitled to vested benefits), and 40,776 annuitants. As of July 1, 2014, there were 7363 participating employers in the PERSI Base Plan. Total membership in PERSI was 135,722.

Based on the July 1, 2014 actuarial valuation, the unfunded actuarial accrued liability was decreased by $1,146.6 million due to an asset gain recognized as of July 1, 2014. Specifically, the System's assets earned a gross return before expenses of 17.20%, which is 9.70% above the actuarial assumption of 7.50%. All other actuarial experience gains and losses further decreased the actuarial accrued liability by $122.6 million. Thus, the total experience gain for the year was $1,269.2 million.

Also, the unfunded actuarial accrued liability ("UAAL") was decreased by $1.3 million due to the one year delay in the scheduled rate increases. The UAAL increased by $76.2 million because of the update to the mortality assumptions. Also, the UAAL increased by $2.6 million because actual contributions plus assumed investment returns were less than the normal cost and the interest on the unfunded actuarial accrued liability. The impact of the March 2015 discretionary COLA, including the Restoration of Purchasing Power pieces, was an increase in the UAAL of $159.2 million. Finally, the cancellation of the future rate increases decreased the UAAL by $10.3 million.

Annual actuarial valuations for PERSI are provided by the private actuarial firm of Milliman, which has provided the actuarial valuations for PERSI since PERSI's inception. As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, contribution rate increases for the three years beginning July 1, 2011, as proposed by the actuary, were reviewed and approved by the Retirement Board on December 8, 2009. From 1994 to 2013, the total contribution rate has been between 15.82% and 18.75%. Historical changes in contribution rates since 1994 are shown in the following table:

Historical Contribution Rates

Year of Change	Total Rate (%)	Weighted Total Member Rate (%)	Weighted Total Employer Rate (%)	Fire/Police Member Rate (%)	Fire/Police Employer Rate (%)	General/Teachers Member Rate (%)	General/Teachers Employer Rate (%)
1994	18.75	7.12	11.63	8.53	11.85	6.97	11.61
1998	17.78	6.75	11.03	8.10	11.25	6.60	11.01
2000	15.78	5.98	9.80	7.21	10.01	5.86	9.77
2003	15.82	6.01	9.81	7.21	10.11	5.86	9.77
2004	16.84	6.41	10.43	7.65	10.73	6.23	10.39
2008	16.88	6.44	10.44	7.65	10.73	6.23	10.39
2009	16.89	6.45	10.44	7.69	10.73	6.23	10.39
2012	16.89	6.45	10.44	7.69	10.73	6.23	10.39
2013	18.39	7.03	11.36	8.36	11.66	6.79	11.32

Source: Public Employee Retirement System of Idaho, 2014 Comprehensive Annual Financial Report.

The City's required and paid contributions to PERSI for the fiscal years ended September 30, 2014, 2013, and 2012 were $26,503,000; $28,555,000; and $20,973,000 respectively, and the respective allocations for the Airport Enterprise Fund of such amounts for these years were $462,633.45; $407,066.69; and $402,833.81, respectively. Contribution requirements of PERSI and its members are established and may be amended by the Retirement Board.

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 for convenience only and is not incorporated or made a part of this Official Statement by this reference).

Other Post-employment Benefits

The City participates in additional post-employment benefit plans to provide other post-employment benefits ("OPEB") for City employees. The City has a Post-Employment Health Plan for all regular full and part time employees working 20 hours or more per week. The City makes annual contributions to a medical trust established under Tax Code section 501(c)(9) on behalf of the participants. Upon separation, the employee may use only the accumulated balance and the City has no ongoing responsibility for the trust. The City provides all employees eligible to retire under PERSI a $10,000 life insurance policy, the premium for which is paid by the City. Additionally, the City contributes $100 per month toward a retiree health insurance plan for retirees under the age of 65. For post-65 retirees, the City contributes $50 per month toward a City-offered Medicare Advantage plan. Funds for the estimated liability associated with the governmental fund types are set-aside by the City it its debt service fund. Amounts related to the proprietary fund types, such as the Airport's Enterprise Fund, are provided for separately in those funds.

The postretireinent benefits are determined on an actuarial basis. Actuarial valuations of the postretireinent benefits were done as of September 30, 2014 and are determined on a prospective basis. The unfunded actuarially accrued liability (UAAL) is $12,179, which is 12% of the City's covered payroll. This liability is considered unfunded due to the decision of the City to not place the funds in a trust. The annual required contribution (ARC) for fiscal year 2014 is $ 1,314. The ARC is made up of the benefits earned in the current period and an amount of the unfunded AAL on a straight line amortization method. Since these funds were not placed in a trust, the expense and offsetting liability are reflected in the financial statements. The actuarial cost method used is the Projected Unit Credit Actuarial Cost method.

The approximate actuarially unfunded accrued liability for the Airport Enterprise Fund as of September 30, 2014 was $353,000. For further information regarding the City's OPEB funding, see **<u>APPENDIX C</u>** - "Audited Financial Statements as Of September 30, 2014," in the section entitled "Postretirement Benefits" in Notes to Financial Statements.

CERTAIN INVESTMENT CONSIDERATIONS

Investor Considerations

The Subordinate Series 2015 Bonds may not be suitable investments for all persons, and prospective purchasers should evaluate the risks and merits of an investment in the Subordinate Series 2015 Bonds and confer with their own legal and financial advisors before considering a purchase of the Subordinate Series 2015 Bonds. The following section describes certain risk factors affecting the payment of and security for the Subordinate Series 2015 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of the Subordinate Series 2015 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 Subordinate Series 2015 Bonds.

Dependence on Levels of Air Traffic and Activity

Pursuant to the Subordinate Indenture, the principal of and interest on the proposed Subordinate Series 2015 Bonds and any permitted parity obligations are payable from Net Revenues. The ability to pay debt service on the Subordinate Series 2015 Bonds will depend on the City's receipt of sufficient Net Revenues. Net Revenues are dependent primarily on aviation activity at the Airport. The Net Revenues are also affected by the economic health of the air transportation industry and, in particular, the airlines serving the Airport. As a result, the Airport's ability to generate Net Revenues from its operation of the Airport depends upon many factors, many of which are not subject to the control of the City, including (1) the growth in the population and economy of the area served by the Airport, especially the Boise-Nampa MSA, (2) national and international economic and political conditions, (3) domestic and international affairs, (4) air carrier economics and air fares, (5) the availability and price of aviation fuel, (6) airline service and route networks, (7) the capacity of the air traffic control system, (8) labor relations within the airline industry, (9) changes in demand for air travel, (10) regulation by the federal government and (11) the capacity of the airport system. Additionally, slow or negative traffic growth in many areas, increased competition among air carriers, increased labor, equipment and other operating costs, and increases in the requirements for and the cost of debt capital have combined recently to reduce profits materially or to cause losses for many air carriers over the past few years, although many airlines have recently reported increases in profitability. Furthermore, the so-called "legacy" carriers such as American, Delta and United have taken many actions to restructure and reduce costs including reducing their workforce, renegotiating their labor agreements, consolidating connecting activity and replacing mainline jets with regional jets. The Airport makes no representation with respect to the continued viability of any of the airlines serving the Airport and cannot assess the impact that these factors will have on the airline industry or the airlines operating at the Airport and, in turn, on the Airport's Net Revenues.

Amounts available for deposit in the Airport Enterprise Fund available for transfer to the Bond Fund could also be adversely affected by delays or defaults in the payments of rates and charges by the air carriers at the Airport.

Federal Law Affecting Airport Rates and Charges

There can be no assurance that new regulations will not be enacted, or that challenges to existing regulations will not take place, which, in either case, could affect the costs permitted to be included in determining an airport's rate base and/or limit the City's flexibility in negotiating new Airline Agreements or in setting rates and charges for the Airport's airfield and non-airfield facilities.

Federal Legislation Affecting the Air Transportation Industry

Since September 11, 2001, and as a result of the financial distress and bankruptcy filings in the airline industry, the federal government enacted several pieces of legislation that have directly affected the airline industry. Such legislation includes the Federal Aviation and Transportation Security Act enacted on November 19, 2001 to provide, among other things, for the federalization of airport security through the TSA. The Homeland Security Act enacted on November 25, 2002 created the Department of Homeland Security (the "DHS") to accomplish several primary goals, including, among others, preventing terrorist attacks within the United States; reducing the United States' vulnerability to terrorism; minimizing the danger of, and assisting in the recovery from, terrorist attacks that do occur; and monitoring connections between illegal drug trafficking and terrorism and coordinating efforts to seek such connections. The TSA is a part of the DHS.

On October 17, 2005, amendments to the United States Bankruptcy Code took effect. The amendments were partially established as a result of bankruptcies of airlines. Among other things, the amendments will force companies to reorganize and emerge from Chapter 11 protection more quickly. Companies will have up to 18 months during which they must submit a reorganization plan and are protected from takeover attempts. The amendments also require companies to make decisions within 120 days about whether they want to reject leases of their vendors or partners (which could include, for purposes of airlines, airport use and lease agreements).

FAA Reauthorization. On February 6, 2012, Congress passed a four-year reauthorization bill for the FAA - the FAA Modernization and Reform Act of 2012 - which was signed into law on February 14, 2012 by the President. The 2012 FAA reauthorization retains the federal cap on PFCs at $4.50 and authorizes $3.35 billion per year for AIP through federal fiscal year 2015, which is $150 million per year less than the funding level for the preceding five years. The AIP provides federal capital grants to support airport infrastructure through entitlement grants (determined by formulas based on passenger, cargo, and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). The City is unable to predict the level of AIP funding at this time, but expects to finance certain projects within the Capital Improvement Plan from government grants. In the event that FAA grants to the Airport are lower than those made in recent years, the City may need to either delay or not undertake certain projects, seek alternative sources of funding and/or possibly issue additional debt. The City receives approximately $4.8 million per year in entitlement AIP funding for the Airport.

General Factors Affecting the Airline Industry

Recent Events. The financial difficulties that have characterized most domestic airlines especially over the past decade, including the bankruptcy of several airlines, the general economic downturn of the U.S. economy, the significant recent increases and overall fluctuations in fuel prices, the threat of future terrorist attacks, international conflicts, the earthquake, tsunami and nuclear breaches in Japan and the increased security requirements in air transportation adversely affected or may adversely affect the North American aviation system, including operations of the Airport and the financial condition of the airlines. Potential investors are urged to review the airlines' financial information on file with the SEC. The

Airport has experienced increased operating costs due to compliance with federally mandated and other security and operating changes. As air travel demand recovered following the 2008-2009 economic recession, airlines returned to profitability, earning an estimated $7.6 billion in 2013 and $7.3 billion in 2014. The City cannot predict the likelihood of future terrorist incidents or air transportation disruptions or the impact on the Airport or the airlines from such incidents or disruptions.

Economic Conditions. Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economies. During September 2008, significant and dramatic changes occurred in the U.S. and global financial markets. Several U.S. commercial and investment banks declared bankruptcy, were acquired by other financial institutions, combined with other financial institutions or sought huge infusions of capital. The volatility in the capital markets led the U.S. government to intervene by making funds available to certain institutions, taking over the ownership of others and assuming large amounts of troubled financial instruments in exchange for imposing greater regulation over certain institutions in order to restore consumer confidence in, and stabilize, the nation's financial markets. Since 2008, the U.S. economy has experienced a recession followed by weak growth. As a result of concerns about the U.S. government's ability to resolve long-term deficits, in August 2011 Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, downgraded the credit rating of the U.S. sovereign debt from "AAA" to "AA+". It is not known at this time whether the slow rate of national and global economic growth will persist beyond 2014. There can be no assurances that the prolonged weak economic conditions, the downgrade of the credit rating of the U.S. sovereign debt or other national and global fiscal concerns will not have an adverse effect on the air transportation industry.

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 relationship, and hostilities are now important influences on passenger traffic at U.S. airports. Sustained future increases in passenger traffic at the Airport will depend on stable international conditions as well as national and global economic growth.

Overall Financial Health of U.S. Airline Industry. Financial weakness and volatility have characterized the U.S. airline industry, especially over the past decade. U.S. airlines posted net losses during five consecutive years from 2001 through 2005, with cumulative losses totaling $57.7 billion. In 2006, the industry began to see positive results and continued to improve in 2007 despite record high oil prices. U.S. airlines realized a net profit of $18.2 billion in 2006 and $7.7 billion in 2007. However, as described below, jet fuel prices continued to escalate through July 2008, forcing some airlines into bankruptcy and liquidation, and others into reducing staff and seat capacity nationwide. Jet fuel prices have since fallen significantly, providing airlines with cost relief, but the demand for air travel has continued to weaken with the national and global economic slowdown. The industry has responded to declining demand by offering multiple fare sales, which have depressed industry revenues. U.S. airlines incurred net losses totaling $23.7 billion in 2008. As jet fuel prices decreased in 2009, the net losses reported by the U.S. airlines decreased to $2.5 billion.

In 2010 and 2011, the U.S. airline industry regained profitability notwithstanding sustained high fuel prices by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. In 2010, according to Airlines for America (formerly the Air Transport Association of America), the U.S. passenger airlines collectively increased domestic seat-mile capacity by 1.0% and recorded a net profit of $3.6 billion. In 2011, U.S. passenger airlines again collectively increased domestic seat-mile capacity by 2.1% and recorded a net income of $1.5 billion. As air travel demand recovered following the 2008-2009 economic recession, airlines returned to profitability, earning an estimated $7.6 billion in 2013 and $7.3 billion in 2014.

The City makes no assurance that the nationwide reduction in capacity announced by airlines will not significantly impact future airline activity levels at the Airport, especially if any additional reductions take place with respect to Southwest, Delta, United or Horizon.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares, and stable fuel prices. Any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of one or more of the large network airlines could drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide.

Air Carrier Service and Routes. While passenger demand at an airport depends on the population and the economy of the region served, air carrier service and the number of passengers enplaned also depend on the route networks of the air carriers serving that airport. Domestic air carriers are free to enter or leave individual air traffic markets, and to increase or decrease service, at will. The Airport serves as a gateway to the Boise City-Nampa region as well as surrounding Idaho counties and Eastern Oregon. The number of O&D passengers depends on the intrinsic attractiveness of the Boise City-Nampa MSA as a business and leisure destination and the propensity of its residents to travel. The number of connecting passengers, on the other hand, depends on the airline service provided at the Airport and at other airports. Most large airlines have developed hub-and-spoke systems that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines service that airport and at competing hub airports. The Airport primarily serves O&D travellers, as opposed to connecting, passengers. See "THE AIRPORT - Origin & Destination Passenger Traffic."

Aviation Fuel Prices. Airline earnings are significantly affected by the price of aviation fuel. According to the Air Transport Association (the "ATA"), fuel is the largest cost component of airline operations, and therefore an important and uncertain determinant of an air carrier's operating economics. There has been no shortage of aviation fuel since the "fuel crisis" of 1974, but there have been significant price increases for fuel.

Any unhedged increase in fuel prices causes an increase in airline operating costs. According to the ATA, a one-dollar per barrel increase in the price of crude oil equates to approximately $445 million in annual additional expense for all U.S. airlines. Fuel prices continue to be susceptible to, among other factors, political unrest, Organization of Petroleum Exporting Countries policy, increased demand for fuel caused by rapid growth of economies such as China and India, fuel inventory maintained by certain industries, reserves maintained by governments, currency fluctuations, disruptions to production and refining facilities and weather. In recent years, the cost of aviation fuel has risen sharply in response both to political instability abroad as well as increased demand for petroleum products around the world. Oil prices reached an all-time record high of $145.29 per barrel in July 2008, but have steadily declined since then. Significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel and to increase airfares and institute fuel, checked baggage and other extra surcharges, all of which may decrease demand for air travel.

Many airlines engage in or have engaged in fuel hedging - purchasing fuel in advance at a fixed price through derivative contracts - to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. For a discussion of the risks associated with fuel hedging, please reference the annual reports of United Airlines and Southwest Airlines as filed with the Commission at http://www.sec.gov.

Air Carrier Economics, Competition, and Airfares; Travel Substitutes. Airline fares have an important effect on passenger demand, particularly for relatively short trips where the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airlines are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Additionally, teleconference, video-conference and web-based meetings continue to improve in quality and price and are often considered a satisfactory alternative to face-to-face business meetings. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on airfare levels.

Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for the U.S. airlines was reduced from 14.9 cents to 12.7 cents per passenger-mile. In 2006 and 2007, airlines reduced capacity and were able to sustain fare increases, industry-wide yields increased, to an average of 13.8 cents per passenger-mile. In 2008, yields increased further, to 14.7 cents per passenger-mile. In 2009, yields again decreased, but in 2010 and 2011, as travel demand increased, yields increased to 14.2 and 15.5 cents per passenger mile, respectively. Increased charges between 2006 and 2011 for services such as checked baggage, in-flight meals, and preferred seating had the effect of increasing the effective price of airline travel more than these yield figures indicate. See **APPENDIX A** - "REPORT OF THE AIRPORT CONSULTANT."

In many airline travel markets nationwide, new entrant and other airlines with lower cost structures have provided price and service competition. In Boise, Southwest has provided such competition in many travel markets. As United and other legacy network airlines have restructured their operations and reduced costs, they have enhanced their ability to compete.

Capacity of National Air Traffic Control and Airport Systems and the Airport. Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. After September 2001, and again in 2008 and 2009, air traffic delays decreased as a result of reduced numbers of aircraft operations, but, as air travel demand increases in the future, flight delays and restrictions should be expected.

Airport management and the FAA recently completed a study that will result in the implementation of certain NextGen technologies for flight arrivals and departures at the Airport. According to the City, the proposed changes may change flight arrival and departure patterns at the Airport, which could result in reduced aircraft fuel costs.

World Health Concerns. Outbreaks of infectious diseases, including but not limited to Middle East Respiratory Syndrome (MERS) or Ebola, may adversely affect the demand for air travel. An illustration is the outbreak of influenza A (H1N1) virus in Mexico and the United States in 2010. The outbreak of H1N1 caused individuals to be concerned about exposure to the virus from contact with other airline passengers, causing individuals to curtail domestic and international travel.

Aviation Security Concerns. Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips.

Safety concerns in the aftermath of the terrorist attacks in September 2001, along with a weak economy, were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the TSA, more effective dissemination of information about threats, more intensive screen of passengers and baggage, and deployment of new screening technologies.

Historically, air travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health and safety concerns, and international hostilities. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

Structural Changes in the Travel Market. Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price- sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Consumers have come to expect extraordinarily low fares. In addition, the availability of fully transparent price information on the internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel, have made business customers more amenable to communications substitutes such as tele and video-conferencing.

Sequestration Transparency Act of 2012. Under the Sequestration Transparency Act of 2012 ("STA"), if Congress fails to enact legislation to reduce the federal deficit by $1.2 trillion, as required by the Budget Control Act of 2011, the STA will automatically trigger large scale cuts in the federal budget. The STA went into effect March 1, 2013.

Airline Bankruptcies. The number of passengers at the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines, particularly the United Airlines Group, to make the necessary investments to continue providing service.

The 1990-1991 economic recession, coupled with increased operating costs and security concerns during the first Gulf War, generated then-record financial losses in the airline industry. Those losses put particular pressures on financially weak or highly indebted airlines, forcing many to seek bankruptcy protection, sell productive assets, lay off workers, reduce service, or discontinue operations in the early 1990s.

Between 1995 and 2000, the airline industry as a whole was profitable, but as a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 terrorist attacks, increased fuel and other operating costs, and price competition, the industry again experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately $40 billion.

To mitigate those losses, all of the major network airlines have restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such protection. US Airways twice field for bankruptcy protection, in August 2002 and September 2004, before emerging in September 2005 following its merger with America West Airlines. In December 2002, United filed for bankruptcy protection (emerged in February 2006). In 2003, American Airlines avoided filing for bankruptcy protection only after obtaining labor cost concessions from its employees and reducing service at its St. Louis hub. In September 2005, Northwest Airlines filed for bankruptcy protection (emerged in May 2007), and subsequently merged with Delta in October 2008. In 2005, Delta eliminated its Dallas/Fort Worth hub and began to downsize its Cincinnati hub. In 2011, Delta began to downsize its Memphis hub. In March and April 2008, Aloha, ATA, and Skybus airlines declared bankruptcy and ceased operations. In April 2008, Frontier emerged from bankruptcy in October 2009 following its acquisition by Republic Airways Holdings. AMR Corporation and its subsidiaries, American Airlines and American Eagle, filed for Chapter 11 bankruptcy protection in November 2011. On February 14, 2013, AMR announced it had entered an Agreement and Plan of Merger with US Airways Group, Inc., which agreement and plan was confirmed by the bankruptcy court. On December 9, 2013, AMR's Plan of Reorganization became effective and its merger with US Airways Group was consummated by the formation of American Airlines Group Inc. While the Airport previously had agreements with American Eagle, that airline ceased serving the Boise market in February, 2012, and hence air service is currently provided by the merged AMR/US Airways Group, operating as American Airlines.

In the event a bankruptcy case is filed with respect to any of the airlines that serve the Airport, a bankruptcy court could determine that any agreement between the City and that airline was an executory contract or unexpired lease pursuant to Section 365 of the Federal Bankruptcy Code. In that event, a trustee in bankruptcy or a debtor-in-possession might reject any such agreement.

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, but in mid-2008, as oil and aviation fuel prices increased to unprecedented levels, the industry again experienced a profitability crisis. The industry responded by grounding older, less fuel-efficient aircraft, adopting fuel-saving operating practices, hedging their fuel requirements, reducing scheduled seat capacity, eliminating unprofitable routes, laying off employees, reducing employee compensation, reducing other non-fuel expenses, increasing airfares, and imposing ancillary fees and charges. The U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat miles) by approximately 10% in 2008 and by a further 7% in 2009.

Airline Consolidations, Mergers, and Alliances. In response to competitive pressures, the U.S. airline industry has consolidated. In April 2001, American completed the acquisition of failing Trans World Airlines. In October 2008, Delta and Northwest completed a merger transaction and have integrated most of the operations of the two airlines under the Delta name. In October 2009, Republic Airways Holdings completed purchases of Frontier Airlines and Midwest Airlines and now operates the combined airline under the Frontier name.

In October 2010, United and Continental completed a merger transaction, thereby creating the largest U.S. airline. The merged airline, which operates under the United name, received a single operating ticket November 30, 2011. On September 27, 2010, Southwest Airlines announced plans to acquire AirTran Airways, thereby creating the largest U.S. domestic airline as measured by numbers of enplaned passengers. On March 23, 2011, AirTran shareholders approved the merger, and a single operating certificate was issued on March 1, 2012.

Most recently, in December 2013, American Airlines and US Airways were granted approval to merge, allowing American Airlines parent AMR Corporation to exit bankruptcy. The merged entity effectively created the world's largest airline as measured by available seat miles and is integrating operations during calendar years 2014 and 2015.

As a result of the consolidations described above, today there are four major airlines flying inside the United States (American/US Airways, Delta, Southwest/AirTran and United) that account for over 85% of domestic capacity (available seats). Such consolidation, combined with a focus on driving profitability via capacity discipline and unbundling of services and resulting increased fee income, has increased airline profitability. Airline analysts expect the consolidated entities will continue to remain profitable in the near-term with a continued focus on return on invested capital through capacity discipline.

Neither the Airport nor the Underwriter can predict at this time the full financial impact, if any, of the mergers on the Airport. Various other airline merger combinations have been rumored. Any such further consolidation could change airline service patterns, particularly at the connection hub airports of the merging airlines.

Alliances, joint ventures, and other marketing arrangements provide airlines with many of the advantages of mergers and all of the large U.S. network airlines are members of such alliances with foreign-flag airlines. Alliances typically involve marketing, code-sharing, and scheduling arrangements to facilitate the transfer of passengers between the airlines. Joint venturers involve even closer cooperation and the sharing of costs and revenues on certain routes. United is a member of the Star alliance and participates in joint ventures, code-sharing, and other commercial arrangements with several airlines.

Competition Among Airports

Boise is one of the most isolated metropolitan areas in the United States and as a consequence the Airport does not experience significant competition from other airports. Salt Lake City is the nearest major airport, approximately 335 miles away, but with relatively frequent and inexpensive flights on Alaska and Delta, the Airport believes that the incidence of users traveling from the Airport's primary service area to Salt Lake City for better connections and fares is not significant. The extremities of the Airport's service area are relatively sparsely populated and so the impact of users migrating to another airport such as Salt Lake City, Portland or Spokane does not have a significant effect on the Airport.

Environmental Regulations

The FAA has jurisdiction over flying operations generally, including personnel, aircraft, ground facilities and other technical matters, as well as certain environmental matters. Under the FAA's noise reduction regulations, the air transportation industry is under a mandate to gradually replace or retrofit Stage 2 (noisier) aircraft in order to quiet fleet operations. Airport noise remains a significant federal and local issue at certain airports, including the Airport, which may require substantial capital investments by the industry and/or airport operators, including the City, from time to time to meet applicable standards. Finally, other environmental regulations of general applicability (such as hazardous waste handling and disposition requirements, underground storage tank rules, storm water permitting requirements, and the like) which are enforced by the Federal Environmental Protection Agency and the Idaho Department of Environmental Quality, not the FAA, apply to the Airport; compliance with those requirements may impose costs from time to time.

Limitation of Remedies

Under the terms of the Subordinate Indenture, the remedies available to the Subordinate Trustee and Holders of the Subordinate Series 2015 Bonds upon the occurrence of an Event of Default are limited. Additionally, no mortgage or security interest has been granted or lien created in the Airport to secure the payment of the Subordinate Series 2015 Bonds.

Various state laws, constitutional provisions, and federal laws and regulations apply to the obligations created by the issuance of the Subordinate Series 2015 Bonds. There can be no assurance that there will not be any change in, interpretation of, or addition to the applicable laws and provisions will not be changed, interpreted, or supplemented in a manner that would have a material adverse effect, directly or indirectly, on the affairs of the City, the Airport or the payment of Net Revenues.

In the event of a default in the payment of principal of or interest on the Subordinate Series 2015 Bonds, the remedies available to the owners of the Subordinate Series 2015 Bonds upon a default are in many respects dependent upon judicial action, which is often subject to discretion and delay under existing constitutional law, statutory law, and judicial decisions, including the federal Bankruptcy Code. Bond Counsel's opinion to be delivered concurrently with delivery of the Subordinate Series 2015 Bonds will be qualified as to enforceability of the various legal instruments by certain limitations, including limitations imposed by bankruptcy, reorganization, insolvency, and equity principles.

Secondary Market

No assurance can be given concerning the existence of any secondary market for the Subordinate Series 2015 Bonds or its creation or maintenance by the Underwriters. Thus, purchasers of Subordinate Series 2015 Bonds should be prepared, if necessary, to hold their Subordinate Series 2015 Bonds until their respective maturity dates.

Tax Legislative Changes

Current law may change so as directly or indirectly to reduce or eliminate the benefit of the exclusion of interest on the Subordinate Series 2015 Bonds from the gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Subordinate Series 2015 Bonds. Prospective purchasers of the Subordinate Series 2015 Bonds should consult with their own tax advisors with respect to any proposed or future legislation.

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.

INITIATIVES AND REFERENDA

General

Under the State Constitution, the voters of the State have the ability to initiate legislation and to modify existing laws through the powers of initiative and referendum. An initiative measure is submitted to the voters (if an initiative to the people) or to the Legislature (if an initiative to the Legislature) if the Secretary of State certifies the receipt of a petition signed by at least eight percent of the number of voters registered and voting for the office of governor at the preceding regular gubernatorial election. The State's initiative and referenda laws do not provide for any review as to legality by the State Attorney General or by any other party prior to placement on a ballot or to submission to the Legislature.

Certified initiatives to the people are placed on the ballot for the next statewide general election. Successful certified initiatives are submitted to the Legislature at its regular session each January. Once an initiative to the Legislature has been submitted, the Legislature must take one of the following three actions: (a) adopt the initiative as proposed, in which case the initiative becomes law without a vote of the people; (b) reject or refuse to act on the proposed initiative, in which case the initiative must be placed on the ballot at the next State general election; or (c) approve an amended version of the proposed initiative, in which case both the amended version and the original initiative must be placed on the next State general election ballot.

A bill passed by the Legislature is referred to the people for final approval or rejection if the Secretary of State certifies the receipt of a petition signed by at least four percent of the number of voters registered and voting for the office of governor at the preceding regular gubernatorial election. Certain actions of the Legislature necessary for the immediate preservation of the public peace, health or safety and the support of State government or its existing institutions are exempt from the referendum process.

An initiative or referendum approved by a majority of voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws. In recent years there has been a marked increase in the number of initiatives filed. The City cannot predict whether this trend will continue.

LITIGATION

There is no litigation pending or overtly threatened questioning the validity of the Subordinate Series 2015 Bonds or the City's power and authority to issue the Subordinate Series 2015 Bonds. Furthermore, there is no litigation pending or overtly threatened that would materially affect the finances of the City or the Airport or adversely affect the City's ability to meet debt service requirements on the Subordinate Series 2015 Bonds.

CONTINUING DISCLOSURE

General

The City will enter into a continuing disclosure agreement (the "CDA") for the benefit of the Bondholders meeting the requirements for such agreements set forth in SEC Rule 15c2-12 (the "Rule"). A form of the proposed CDA is attached as **APPENDIX D**. The CDA will require the City to provide only limited information at specified times, and such information may not constitute all information necessary to determine the value at any time of the Subordinate Series 2015 Bonds. Informational filings under the CDA will be made through the Electronic Municipal Market Access ("EMMA") system, established by the Municipal Securities Rulemaking Board ("MSRB"). The terms under which the CDA may be amended are set forth therein. The City may, in its discretion, file additional information, but it is not obligated to provide such additional information for the benefit of the holders of the Subordinate Series 2015 Bonds.

The intent of the City's undertaking in the CDA is to provide on a continuing basis the information described in the Rule. Accordingly, the City has reserved the right to modify the disclosure hereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of the information the City has agreed to provide in the CDA, the obligation of the City to provide such information under the CDA also shall cease immediately.

The City has executed the CDA for the express purpose of conforming to the requirements of the Rule and not to create new contractual or other rights for the Subordinate Trustee, any registered owner or beneficial owner of the Subordinate Series 2015 Bonds, any municipal securities broker or dealer, any potential purchaser of the Subordinate Series 2015 Bonds, the Securities and Exchange Commission or any other person. The sole remedy in the event of any actual or alleged failure by the City to comply with any provision of the CDA shall be an action for the specific performance of the City's obligations thereunder and not for money damages in any amount. Any failure by the City to comply with any provision of its undertakings shall not constitute an event of default under the Subordinate Indenture.

City Compliance with Prior Undertakings

The City is aware that it has not complied with certain of its prior continuing disclosure undertakings as follows:

Certain operating data for fiscal years 2011 through 2013, as appropriate, for its Series 1999 Certificates of Participation, Series 1999 Wastewater Facility Note Refunding Bonds, Airport Revenue Refunding Bonds, Series 2011, Revenue Refunding Bonds, Series 2011A and Airport Revenue Bonds, Series 2012, and certain updates to interest rates and principal outstanding for its Airport Parking Garage Revenue Refunding Bonds, Series 2004-1 for fiscal year 2010 were not timely filed with the MSRB. The City has made supplemental filings of such operating data for such bonds that are still outstanding, which are the Revenue Refunding Bonds, Series 2011A, Airport Revenue Refunding Bonds, Series 2011, and Airport Revenue Bonds, Series 2012. The City has enacted policies and procedures to strengthen its continuing disclosure practices.

In order to provide additional time for the City to file its Annual Financial Information as required by the CDA, the CDA to be entered into in connection with the Subordinate Series 2015 Bonds provides the City with 210 days to file the information with the EMMA. See **APPENDIX D** - "FORM OF CONTINUING DISCLOSURE AGREEMENT." In addition, the City has amended its CDA relating to the 2011 Senior Bonds to extend the time for filing Annual Financial Information from 180 to 210 days.

No Continuing Disclosure Undertakings by Airlines

No airline has made any agreement regarding the continuing disclosure of information for the benefit of the holders and beneficial owners of the Subordinate Series 2015 Bonds. However, certain airlines operating at the Airport are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended. In accordance therewith, certain information, including financial information, concerning such airlines or their respective parent corporations, is disclosed in certain reports and statements filed with the Securities and Exchange Commission (the "SEC"). Such reports and statements can be inspected at the public reference facilities maintained by the SEC at 450 Fifth Street, NW, Washington, DC 20549 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, NW, Washington, DC 20549, and at the Commission's regional offices at, among others, Woolworth Building, 233 Broadway, New York, New York 10249, at prescribed rates. The SEC also maintains a website that contains information filed electronically with the SEC, which may be accessed via the Internet at http://www.sec.gov. In addition, airlines are required to file periodic reports of financial and operating statistics with the U.S. Department of Transportation. Such reports can be inspected at the following locations: Office of Aviation Information Management, Data Requirements and Public Reports Division; Research and Special Programs Administration, and the Department of Transportation, Room 4201, 400 Seventh Street, SW, Washington, DC 20590. Copies of such reports can be obtained from the Department of Transportation at prescribed rates. *The information under this caption is for informational purposes only, is not intended to be incorporated by reference into this Official Statement and will not be subject to update by the City.*

In addition, pursuant to Rule 15c2-12 certain airlines may have agreed to continuing disclosure undertakings in connection with the issuance and sale of obligations other than the Subordinate Series 2015 Bonds. In those instances, the airlines would have undertaken, in a written agreement or contract for the benefit of the holders of such obligations, to provide to various information repositories certain annual financial information and operating data, including audited financial statements, and to provide notice to such repositories and the MSRB of certain specified material events. Such information is available to securities brokers and others who subscribe to receive the information from such repositories.

TAX MATTERS

Federal Tax Matters

In the opinion of Skinner Fawcett LLP, Boise, Idaho, Bond counsel, under existing law, interest on the Subordinate Series 2015 Bonds is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), provided that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Subordinate Series 2015 Bonds. The Subordinate Series 2015 Bonds are private activity bonds, and interest on the Subordinate Series 2015 Bonds is a preference item for purposes of computing the alternative minimum tax imposed on individuals and corporations. Interest on the Subordinate Series 2015 Bonds is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code. Except as described herein, Bond Counsel expresses no opinion on any federal, state or local tax consequences arising with respect to ownership of the Subordinate Series 2015 Bonds. The form of opinion that Bond Counsel proposes to deliver upon the issuance of the Subordinate Series 2015 Bonds is set forth as **APPENDIX F** hereto. The delivery of said opinion is a condition to the issuance of the Subordinate Series 2015 Bonds.

The Code as presently in existence 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 Subordinate Series 2015 Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Subordinate Series 2015 Bonds will not in the future be included in federal gross income. Failure to comply with these covenants may result in interest on the Subordinate Series 2015 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Subordinate Series 2015 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Subordinate Series 2015 Bonds may adversely affect the value of, or the tax status of interest on, the Subordinate Series 2015 Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code will not adversely affect the value of, or the tax status of interest on, the Subordinate Series

2015 Bonds. Prospective owners of the Subordinate Series 2015 Bonds are urged to consult their own tax advisors with respect to all matters relating to the Code and the federal income tax.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Subordinate Series 2015 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted or represented, however, to comply with applicable requirements of the Code.

To the extent the issue price of any maturity of the Subordinate Series 2015 Bonds is less than the amount to be paid at maturity of Subordinate Series 2015 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Subordinate Series 2015 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Subordinate Series 2015 Bonds which is excluded from gross income for federal income tax purposes and is exempt from State of Idaho personal income taxes. For this purpose, the issue price of a particular maturity of the Subordinate Series 2015 Bonds is the first price at which a substantial amount of such maturity of the Subordinate Series 2015 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 Subordinate Series 2015 Bonds accrues daily over the term to maturity of such Subordinate Series 2015 Bonds on the basis of 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 Subordinate Series 2015 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Subordinate Series 2015 Bonds. Beneficial Owners of the Subordinate Series 2015 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Subordinate Series 2015 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Subordinate Series 2015 Bonds in the original offering to the public at the first price at which a substantial amount of such Subordinate Series 2015 Bonds is sold to the public.

Bond Counsel's engagement with respect to the Subordinate Series 2015 Bonds ends with the issuance of the Subordinate Series 2015 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the beneficial owners regarding the tax-exempt status of the Subordinate Series 2015 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the City and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Subordinate Series 2015 Bonds for audit, or the course or result of such audit, or an audit of Bonds presenting similar tax issues may affect the market price for, or the marketability of, the Subordinate Series 2015 Bonds, and may cause the City, the beneficial owners and others to incur significant expense.

Idaho Income Taxation

In the opinion of Bond Counsel, so long as interest on the Subordinate Series 2015 Bonds is not includible in gross income of the owners thereof for federal income tax purposes, interest on the Subordinate Series 2015 Bonds is exempt from income taxes imposed by the Idaho Income Tax Act, as amended.

RATINGS

Moody's and Fitch have assigned their ratings of "A2" and "A," respectively, to the Subordinate Series 2015 Bonds.

As of the date of this Official Statement, the underlying ratings on the City's outstanding Senior Bonds are "A1," and "A+," by Moody's and Fitch, respectively. Certain information was supplied by the City to such rating agencies to be considered in evaluating the Subordinate Series 2015 Bonds.

The foregoing ratings express only the views of the rating agencies and are not recommendations to buy, sell or hold the Subordinate Series 2015 Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the rating. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Subordinate Series 2015 Bonds.

THE SUBORDINATE TRUSTEE

The City has appointed Zions First National Bank to serve as Trustee for the Subordinate Series 2015 Bonds. The Subordinate Trustee is to carry out those duties assignable to it under the Subordinate Indenture. The Subordinate Trustee 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 Subordinate Trustee has no oversight responsibility, and is not accountable, for the use or application by the City of any of the Subordinate Series 2015 Bonds authenticated or delivered pursuant to the Subordinate Indenture or for the use or application of the proceeds of such Subordinate Series 2015 Bonds by the City. The Subordinate Trustee has not evaluated the risks, benefits, or propriety of any investment in the Subordinate Series 2015 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 Subordinate Series 2015 Bonds, or the investment quality of the Subordinate Series 2015 Bonds, about all of which the Subordinate Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

LEGAL MATTERS

Issuance of the Subordinate Series 2015 Bonds is subject to receipt of the legal opinion of Skinner Fawcett LLP, Boise, Idaho, Bond Counsel, and to certain other conditions.

Certain legal matters will be passed upon for the City by Robert B. Luce, City Attorney, and for the Underwriter by Christian & Barton, L.L.P., Richmond, Virginia.

FINANCIAL ADVISOR

Frasca & Associates, LLC, New York, New York, is serving as financial advisor to the City in connection with the Subordinate Series 2015 Bonds. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the City, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

UNDERWRITING

Raymond James & Associates, Inc., acting on behalf of itself and as representative of the Underwriters named on the cover of this Official Statement (the "Underwriters"), has entered into an agreement to purchase the Subordinate Series 2015 Bonds pursuant to a Bond Purchase Agreement at an aggregate discount of $105,121.27 (0.8300%) from the initial public offering prices of the Subordinate Series 2015 Bonds, derived from the information set forth on the inside cover page of this Official Statement. The Bond Purchase Agreement provides that the Underwriters will be obligated to purchase all of the Subordinate Series 2015 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of and pay for the Subordinate Series 2015 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including the approval of certain legal matters by counsel. The public offering prices of the Subordinate Series 2015 Bonds may be changed at the discretion of the Underwriters after an initial offering of the Subordinate Series 2015 Bonds has been made at the prices shown on the inside cover page of this Official Statement. The Underwriters may sell the Subordinate Series 2015 Bonds to certain dealers and dealer banks, including dealers depositing the Subordinate Series 2015 Bonds into unit investment trusts, at prices lower than the initial public offering prices.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

INDEPENDENT AUDITORS

The financial statements of the City as of September 30, 2014 included in **APPENDIX C** to this Official Statement have been audited by Eide Bailly, independent auditors, as stated in their report appearing therein. Eide Bailly has not performed any procedures relating to this Official Statement.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the Subordinate Series 2015 Bonds. The summaries provided in this Official Statement and in the appendices attached hereto of the Subordinate Series 2015 Bonds and the statutes, agreements, reports and other instruments referred to herein do not purport to be comprehensive or definitive, and all references to the statutes, agreements, reports and other instruments summarized are qualified in their entirety by reference to each such statute, agreement, report and instrument. All references to the Subordinate Series 2015 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Subordinate Indenture.

Statements in this Official Statement, including matters of opinion, projections and forecasts, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and the purchasers of the Subordinate Series 2015 Bonds. The preparation, execution and distribution of this Official Statement have been authorized by the City.

/s/ David H. Bieter
Mayor of the City of Boise City, Idaho

APPENDIX A

REPORT OF THE AIRPORT CONSULTANT

Appendix A

REPORT OF THE AIRPORT CONSULTANT

on the issuance of

CITY OF BOISE CITY, IDAHO
AIRPORT REVENUE BONDS, SUBORDINATE SERIES 2015

Prepared for

City of Boise City, Idaho

Prepared by

LeighFisher
Burlingame, California

July 17, 2015

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Leigh|Fisher

July 17, 2015

Ms. Rebecca Hupp
Airport Director
Boise Airport
3201 Airport Way
Boise, Idaho 83705-5096

RE: Report of the Airport Consultant, City of Boise City, Idaho Airport Revenue Bonds, Subordinate Series 2015 (Aircraft Maintenance Facilities Project)

Dear Ms. Hupp:

We are pleased to submit this Report of the Airport Consultant on certain aspects of the proposed issuance of City of Boise City, Idaho (the City) Airport Revenue Bonds, Subordinate Series 2015 (the Subordinate Series 2015 Bonds) in the aggregate principal amount of approximately $12.2 million. The proposed Subordinate Series 2015 Bonds are not a general obligation of the City, and no tax revenues of the City are pledged to pay the principal of, interest on, or any premium on these Bonds. Furthermore, Debt Service payments on the proposed Subordinate Series 2015 Bonds are not guaranteed by the State of Idaho. This letter and the accompanying attachments and exhibits constitute our report.

The proposed Series 2015 Subordinate Bonds are being issued to finance the Aircraft Maintenance Facilities Project at the Boise Airport (the Airport) as described below. The purpose of the Report of the Airport Consultant (the Report) is to present the results of our assessment of the City's ability to meet rate covenant requirements for the proposed Subordinate Series 2015 Bonds.

AIRCRAFT MAINTENANCE FACILITIES PROJECT

The City is issuing the proposed Subordinate Series 2015 Bonds to fund the Aircraft Maintenance Facilities Project at the Airport. The Aircraft Maintenance Facilities Project is being developed on approximately 12 acres of previously undeveloped property and involves the construction of:

- A new 133,000 square foot aircraft maintenance hangar (the Hangar) including accessory offices, interior finishes, complete mechanical HVAC systems, plumbing and electrical connections
- An 103,500 square foot aircraft parking apron
- 103 stall automobile parking lot
- A 300 foot driveway connecting the Hangar to Gowen Road

- A 1,700 by 25-foot airport vehicle service road connecting the Hangar to the existing airport vehicle service road

The Aircraft Maintenance Facilities Project is to be partially funded by the Subordinate Series 2015 Bonds. The remaining costs of the Aircraft Maintenance Facilities Project are to be funded through the City's Airport Discretionary Fund cash. Construction of the Aircraft Maintenance Facilities Project is underway and is expected to be substantially complete in September 2016.

PROPOSED SUBORDINATE SERIES 2015 BONDS

The proposed Subordinate Series 2015 Bonds are to be issued with a pledge of and lien on Subordinate Net Revenues* subordinate to the City's Outstanding Airport Revenue Refunding Bonds, Series 2011 (Series 2011 Bonds), and the Series 2012 Bonds (Series 2012 bonds) which have a parity senior lien on Net Revenues. The Series 2011 Bonds have an additional pledge of Passenger Facility Charge (PFC) Revenues. No PFC Revenues are pledged for the Series 2012 Bonds or Subordinate Series 2015 Bonds.

Senior Trust Indentures

The outstanding Series 2011 Bonds and Series 2012 Bonds were issued with a parity senior pledge of and lien on Net Revenues** under separate indentures, collectively the Senior Trust Indentures. The Senior Trust Indentures specify requirements for the financial operations of the Airport, including the Covenant to Maintain Airport Rates and Charges and Conditions for Issuing Additional Senior Obligations, as described later in the attachment to this Report.

Subordinate Trust Indenture

The proposed Subordinate Series 2015 Bonds are to be issued in accordance with the Trust Indenture to be adopted by the City as Issuer and Zions First National Bank as Trustee prior to the issuance of the proposed Subordinate Series 2015 Bonds (Subordinate Trust Indenture). The Indenture specifies requirements for the financial operations of the Airport, including the Covenant to Maintain Airport Rates and Charges and Conditions for Issuing Additional Subordinate Obligations, as described later in this chapter. Under the provisions of the Subordinate Trust Indenture, the proposed Subordinate Series 2015 Bonds are to be issued with a pledge of and lien on Subordinate Net Revenues. Collectively, the Senior Trust Indentures and Subordinate Trust Indenture are referred to as the Trust Indentures.

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*Subordinate Net Revenues means the Revenues of the City's airport facilities and properties plus any PFC Revenues pledged to the Senior or Subordinate Bonds less Operation and Maintenance Expenses for those facilities and properties, Debt Service Requirements for the Senior Bonds, and Reserve Requirements on the Senior Bonds.

**Net Revenues means the Revenues of the City's airport facilities and properties less Operation and Maintenance Expenses for those facilities and properties.

Covenants to Maintain Airport Rates and Charges under Subordinate Trust Indenture. Under Section 8.14 of the Subordinate Trust Indenture, the City covenants that it will maintain rates and charges at the Airport as follows:

1. **Rates and Charges.** Rates and charges for services rendered or space used at the City's Airport facilities and properties shall be reasonable and just, taking into account the cost and value of the City's Airport facilities and properties, Operation and Maintenance Expenses, any possible delinquencies, allowances for depreciation, contingencies, and amounts necessary to meet all Debt Service Requirements. These rates and charges shall be sufficient to produce Net Revenues at least equal to 115% of the aggregate Senior Debt Service Requirements* and Subordinate Debt Service Requirements[†]for the applicable Fiscal Year.

2. **Levy of Rates and Charges.** Prior to the issuance of any additional obligations, the City will establish and levy the required rates and charges and may not reduce these rates and charges unless:

   a. The City has certified its compliance with the Subordinate Trust Indenture for at least one Fiscal Year immediately preceding the reduction,

   and

   b. Either of the following:

      i. Audits for the full Fiscal Year immediately preceding the reduction disclose that the estimated Net Revenues resulting from such a reduction would be sufficient to meet the requirements outlined in the Rates and Charges paragraph above,

      or

      ii. The reduction is in accordance with the City's agreements with the airlines serving the Airport, provided that no such reduction will be permitted unless the requirements of the Rates and Charges paragraph above are met.

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*Senior Debt Service Requirements means the sum of the amount required to pay principal, interest, and any Policy Costs on any Outstanding obligations payable from Net Revenues. PFC revenues are committed to paying Debt Service on the Series 2011 Bonds.

**Subordinate Debt Service Requirements means the sum of the amount required to pay principal, interest, and any Policy Costs on any Outstanding Subordinate Lien obligations payable from Subordinate Net Revenues.

Conditions for Issuing Additional Subordinate Obligations Secured by Subordinate Net Revenues. The Subordinate Trust Indenture allows for the issuance of obligations in addition to the proposed Subordinate Series 2015 Bonds, provided that certain conditions are met. Section 2.11 of the Subordinate Trust Indenture specifies certain conditions that must be met before additional obligations secured by Subordinate Net Revenues are issued. These conditions require, among other things, that:

1. The City is not and has not been in default of the Indenture during the prior Fiscal Year, that the balance in the applicable reserve accounts in the Subordinate Reserve Fund is at least equal to the Subordinate Reserve Requirement and that Subordinate Net Revenues are sufficient to conclusively determine the right of the City to issue additional obligations, and the City has been in compliance with the Covenant to Maintain Rates and Charges under the Subordinate Trust Indenture for at least the preceding twelve (12) months,

2. Either of the following:

   a. A Consultant's Report stating either that: (1) in the Consultant's estimate, the Covenant to Maintain Airport System Rates and Charges under the Subordinate Trust Indenture will be satisfied for each Fiscal Year commencing with (and including) the Fiscal Year preceding the date of the Indenture and ending with the fifth Fiscal Year following the completion of the proposed project at the Airport, or (2) the Covenant to Maintain Airport Rates and Charges under the Subordinate Trust Indenture would have been satisfied in the Fiscal Year immediately preceding adoption of the Indenture on both the Outstanding obligations and on the proposed obligations,

   or

   b. The City certifies that the Net Revenues derived from the operation of the Airport for the fiscal year immediately preceding the date of any document authorizing the issuance of any such parity lien Subordinate Bonds shall have been sufficient to meet the Covenant to Maintain Airport Rates and Charges under the Subordinate Trust Indenture for both any Outstanding obligations and the Subordinate Bonds proposed to be issued,

and

3. The Subordinate Reserve Requirement shall be met for each issuance of additional Subordinate Bonds.

SCOPE OF STUDY

In conducting our study, we analyzed:

- Future airline traffic demand at the Airport, giving considerations to the demographic and economic characteristics of the region served, historical trends in airline traffic, airline service provided and scheduled to be provided by airlines, and key factors that may affect future airline traffic.

- Estimated sources and uses of funds for the Aircraft Maintenance Facilities Project and associated annual Debt Service on the Subordinate Series 2015 Bonds.

- Historical relationships among Revenues, Operation and Maintenance Expenses, airline traffic at the Airport, and other factors that may affect future Revenues and Operation and Maintenance Expenses.

- The City's historical audited financial results for FY 2012 through FY 2014, unaudited City estimates and annual budgets for FY 2015, and other operational considerations

- The City's policies and contractual agreements relating to the use and occupancy of the Airport; the calculation and adjustment of airline rentals, fees, and charges pursuant to the Airline Agreement; the operation of public automobile parking, rental car, and other concession and consumer service privileges; and the leasing of buildings and grounds.

We identified for Airport management the key factors upon which the future financial results of the Airport may depend and the formulation of assumptions about these factors. Estimates of project costs, project financing, and annual debt service requirements were provided by those sources listed. On the basis of these assumptions, we assembled the financial projections presented in the exhibits accompanying this report.

FINANCIAL FORECASTS

As shown in the table on the following page, the City is forecast to be in compliance with the Covenants to Maintain Airport Rates and Charges as set forth in Section 8.14 of the Subordinate Trust Indenture. Net Revenues are forecast to equal or exceed 115% of the aggregate Debt Service Requirements for the Series 2011 and 2012 Bonds and the proposed Subordinate Series 2015 Bonds in each Fiscal Year of the forecast period.

Assumptions Underlying the Financial Forecasts

The financial forecasts accompanying this report are based on information and assumptions that were provided by, or reviewed with and agreed to by, the City's Aviation Division. Accordingly, the forecasts reflect the City's expected course of action during the forecast period and, in City's judgement, present fairly the expected financial results of the Airport. The key factors and assumptions that are significant to the forecasts are set forth in the attachment, "Background, Assumptions, and rationale for the Financial Forecasts." The attachment should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

In our opinion, the underlying assumptions provide a reasonable basis for the forecasts. However, any forecast is subject to uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of the report.

Fiscal Year	Net Revenues *(a)* [A]	Aggregate Debt Service Requirement *(b)* [B]	Coverage ratio [C=A/B]
2014	$10,431,463	$5,250,837	1.99
2015	10,166,745	5,253,000	1.94
2016	12,228,000	6,096,000	2.02
2017	12,411,000	6,099,000	2.03
2018	12,533,000	6,097,000	2.06
2019	12,659,000	6,097,000	2.08
2020	12,787,000	6,098,000	2.10
2021	8,490,000	1,673,000	5.07

(a) Revenue less Operation and Maintenance Expenses plus PFC Revenues pledged to payment of Debt Service on Series 2011 Bonds.

(b) Includes aggregate Debt Service Requirements associated with Series 2011 Bonds, Series 2012 Bonds, and Subordinate Series 2015 Bonds.

* * * * *

We appreciate the opportunity to serve as the City's Airport Consultant on this proposed financing.

Respectfully submitted,

Leigh Fisher

LEIGHFISHER

Attachment

BACKGROUND, ASSUMPTIONS, AND RATIONALE
FOR THE FINANCIAL FORECASTS

REPORT OF THE AIRPORT CONSULTANT

on the issuance of

CITY OF BOISE CITY, IDAHO
AIRPORT REVENUE BONDS, SUBORDINATE SERIES 2015

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CONTENTS

CONTENTS *(continued)*

TABLES

FIGURES

1. INTRODUCTION

1.1 THE CITY OF BOISE CITY, IDAHO

Located in the southwest portion of the State of Idaho, the City of Boise City (the City or Boise) was created in 1866 by authority of the Idaho Constitution. The City is located in Ada County and is Idaho's capital and largest metropolitan area. The City is governed by a mayor and six City Council members. The Mayor and the City Council members each serve a 4-year term.

Since 1939, Boise Airport has been owned and operated by the City. The Airport is operated as an economically self-sustaining enterprise fund of the City. The Airport Director manages the day-to-day operations of the Airport, under the supervision of an eight-member Airport Commission. With consent of the City Council, the Mayor appoints up to eight members of the Commission. Each member of the Commission serves a 3-year term. Two members of the City Council participate on the Airport Commission as nonvoting members.

1.2 THE AIRPORT

The Airport is located about 4 road miles south of downtown Boise, and is the principal air carrier airport serving southwestern Idaho. The Airport occupies about 5,000 acres and has two east-west parallel runways. Runway 10R-28L is 9,763 feet long and Runway 10L-28R is 10,000 feet long. Both runways are 150 feet wide and, together with all associated approach surfaces and runway protection zones, meet all FAA standards. A lighted taxiway system connects the runway to the passenger terminal building.

The terminal was expanded in 2003 to provide a new elevated roadway system, ticket lobby, baggage claim, concessions, conference center, security checkpoint, and 12 gates for use by smaller aircraft on Concourse C. Concourse B was renovated in 2005 and provides 11 gates with loading bridges for use by larger aircraft. The terminal provides a total of 23 gates on the two concourses.

The Federal Aviation Administration (FAA) classifies the Airport as a small hub* primary commercial service airport. According to data published by Airports Council International-North America, the Airport was the nation's 79th busiest airport in the United States** during 2013 in terms of passengers. As of June 2015, the Airport was served by 9 scheduled passenger airlines, including 4 regional/commuter airlines, which together provide 60 daily nonstop departures to 17 airports in 15 cities. The Airport is also served by 4 all-cargo airlines.

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*A small hub is defined as an airport that enplanes between 0.05% and 0.25% of all passengers enplaned on certificated route air carriers in all services in the 50 states, the District of Columbia, and other designated territorial possessions of the United States.

**This ranking excludes Canadian airports.

1.3 THE CITY'S CAPITAL IMPROVEMENT PROGRAM

As reflected in Exhibit A, the City has developed a 7-year Capital Improvement Program to provide $90.3 million of needed Capital Improvements at the Airport from Fiscal Year* (FY) 2015 through FY 2021, excluding financing costs, and reserve funding associated with the planned Subordinate Series 2015 Bonds. The Aircraft Maintenance Facilities Project, described in detail in Section 1.4, represents expenditures of $19.5 million (or 22% of the total Capital Improvement Program).

Other than the Aircraft Maintenance Facilities Project, the City has finalized neither its plan for funding other future projects nor their timing. The City intends to initiate additional projects only in response to identified demand and only to the extent that a competitive cost structure is maintained at the Airport. Because the City is still developing details related to future capital improvements, associated Debt Service payments, Operation and Maintenance Expenses, and Revenues associated with those projects are not included in this report.

In addition to the Aircraft Maintenance Facilities Project, the primary improvements in the Capital Improvement Program are as follows:

- Rental Car Facility Improvements ($9.0 million)
- Baggage System Upgrades - Phase 2 ($8.4 million)
- Taxiway Pavement Rehabilitation ($7.9 million)
- Taxiway B Extension ($4.7 million)

1.4 AIRCRAFT MAINTENANCE FACILITIES PROJECT

The City is issuing the proposed Subordinate Series 2015 Bonds to fund the Aircraft Maintenance Facilities Project at the Airport. When completed, the Aircraft Maintenance Facility will be leased to SkyWest Airlines, Inc. (SkyWest). The Aircraft Maintenance Facilities Project is being developed on approximately 12 acres of previously undeveloped property and involves the construction of:

- A new 133,000 square foot aircraft maintenance hangar (the Hangar) including accessory offices, interior finishes, complete mechanical HVAC systems, plumbing and electrical connections

- An 103,500 square foot aircraft parking apron

- 103 stall automobile parking lot

- A 300 foot driveway connecting the Hangar to Gowen Road

- A 1,700 by 25 foot airport vehicle service road connecting the Hangar to the existing airport vehicle service road

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*The City's Fiscal Year ends September 30.

The Aircraft Maintenance Facilities Project will be located at 1600 West Gowen Road on currently undeveloped Airport property southeast of the airfield. The Taxiway B Extension is currently under construction and will connect the Aircraft Maintenance Facilities Project to the airfield.

Exhibit A summarizes the estimated Aircraft Maintenance Facilities Project cost as provided by the City. The Aircraft Maintenance Facilities Project is to be partially funded by the Subordinate Series 2015 Bonds. The remaining costs of the Aircraft Maintenances Facilities Project are to be funded through the City's Airport Discretionary Fund cash. Construction of the Aircraft Maintenance Facilities Project is underway and is expected to be substantially complete in September 2016.

1.5 FUTURE CAPITAL IMPROVEMENTS

In addition to the Aircraft Maintenance Facilities Project, the City plans to undertake future capital improvements as they are required or economically justified. Major future projects include rental car facility improvements, baggage system upgrades and modifications, and taxiway pavement rehabilitation. The City expects sources of funding for future capital improvements to include (but not necessarily be limited to) federal grants, bond proceeds, and internally generated funds.

The rental car facility improvements are planned to be financed through the issuance of additional Bonds supported by customer facility charge revenues. The City has not committed to the timeframe of construction or the issuance of any additional Bonds to finance these improvements. The City intends to initiate additional projects in response to identified demand and only to the extent that a competitive cost structure is maintained at the Airport. Because the City is still developing the details of its future capital improvements, associated Debt Service, Operation and Maintenance Expenses, and Revenues associated with those improvements are not reflected in this Report.

Currently, the City has not developed a capital program for the Airport after FY 2021. Capital improvements beyond FY 2021 have not been identified beyond those routinely necessary to ensure that the Airport continues to be a safe, secure, and efficient aviation facility (e.g., equipment replacement and major facility maintenance as needed).

2. AIRLINE TRAFFIC ANALYSIS

This section discusses the region served by Boise Airport and the Airport's role and presents the economic basis for airline traffic at the Airport

2.1 AIRPORT SERVICE REGION

As shown on Figure 1, the primary geographical area served by the Airport consists of Ada, Boise, Canyon, Gem and Owyhee counties in Idaho (the Boise Metropolitan Statistical Area or MSA). According to the U.S. Department of Commerce, Bureau of the Census, the population of the Boise MSA was 664,422 in 2014, accounting for about 40% of Idaho's total population of 1.6 million. Ada County includes the City of Boise and accounts for about 64% of the population of the Boise MSA, as shown in Table 1. Because economic growth and activity within this area stimulate a significant portion of passenger demand at the Airport, statistics for the Boise MSA were used to evaluate certain long-term and future airline traffic trends at the Airport.

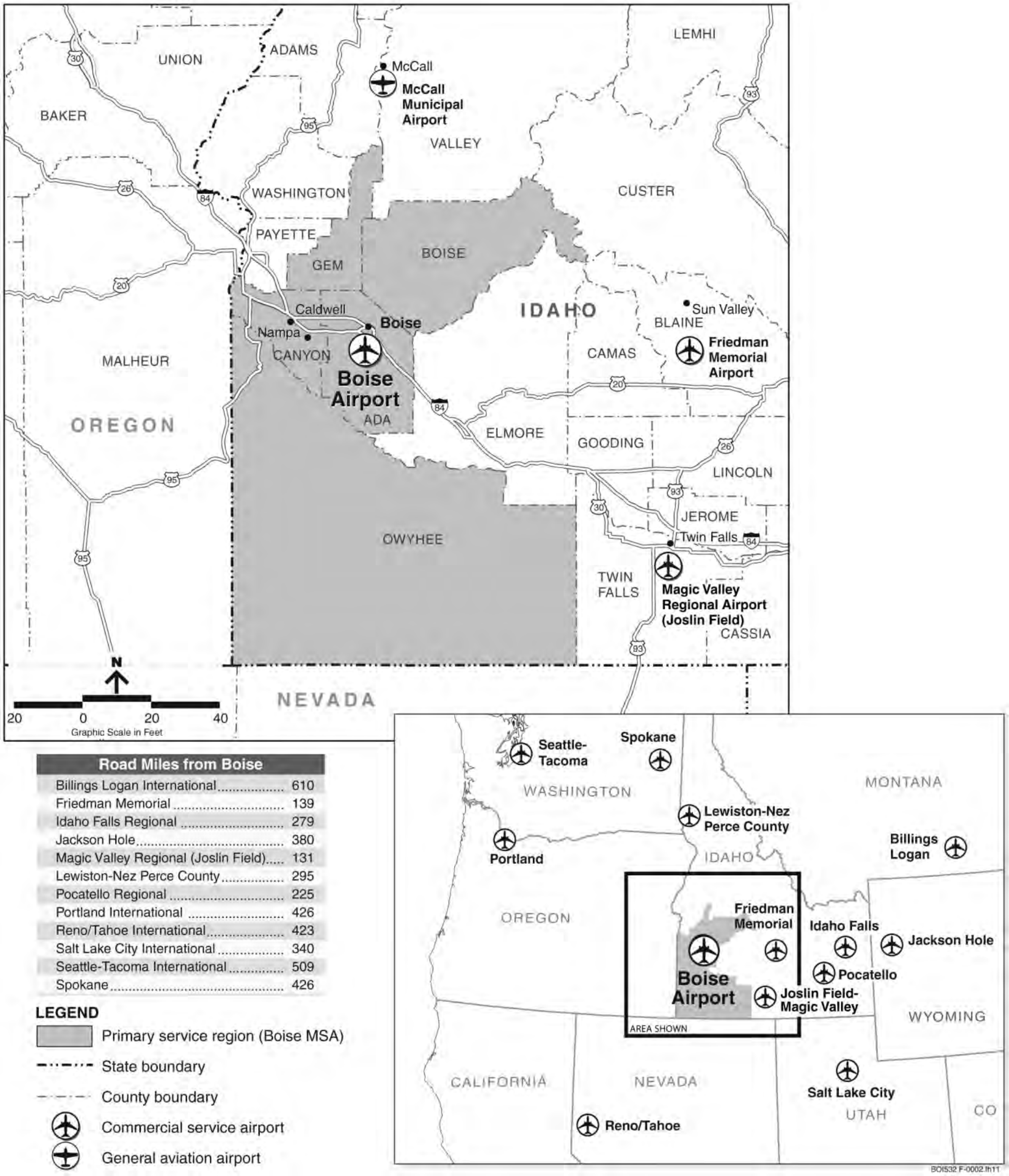
Table 1
POPULATION DISTRIBUTION IN THE BOISE MSA
2014

County	Population	Percent of total
Ada	426,236	64.2%
Boise	203,143	30.6
Canyon	16,866	2.5
Gem	11,353	1.7
Owyhee	6,824	1.0
Total	664,422	100.0%

Source: U.S. Department of Commerce, Bureau of the Census, Population Division, release date March 2015, www.census.gov.

The secondary region served by the Airport, which includes many of the counties surrounding the Boise MSA, is defined by the location of, and the airline service offered at other "nearby" air carrier airports. The nearest airports with scheduled air carrier service to the Airport include Salt Lake City International Airport, a large-hub airport 340 miles to the southeast, Reno/Tahoe International Airport, a medium-hub airport 423 miles to the southwest, Portland International Airport, a medium-hub airport 426 miles to the northwest, and Spokane International Airport, a small-hub airport 426 miles to the north. Other airports near Boise, such as those in Hailey, Lewiston, Pocatello, and Twin Falls offer limited passenger service.

Figure 1
AIRPORT SERVICE REGION



Road Miles from Boise	
Billings Logan International	610
Friedman Memorial	139
Idaho Falls Regional	279
Jackson Hole	380
Magic Valley Regional (Joslin Field)	131
Lewiston-Nez Perce County	295
Pocatello Regional	225
Portland International	426
Reno/Tahoe International	423
Salt Lake City International	340
Seattle-Tacoma International	509
Spokane	426

LEGEND
- Primary service region (Boise MSA)
- State boundary
- County boundary
- Commercial service airport
- General aviation airport

The average numbers of daily departures from each of these airports, as currently scheduled for June 2015, are listed in Table 2. Because a large number of the Airport's passengers originate in the Boise MSA, the economy of this area is discussed in more detail in the sections that follow.

Table 2
ENPLANED PASSENGERS AT COMMERCIAL SERVICE AIRPORTS IN IDAHO AND THE ADJACENT STATES

Airport	Driving distance from Boise (miles)	2014 Hub size *(a)*	FY 2014 Enplaned passengers *(b)*	Average daily passenger airline nonstop departures in June 2015 *(c)*			
				Mainline carriers	Regional affiliates	Low cost carriers	Total
Idaho							
Boise	--	Small	1,347,987	10	10	40	60
Idaho Falls Regional	279	Nonhub	160,133	--	1	8	9
Lewiston-Nez Perce County	295	Nonhub	61,463	--	--	5	5
Haley/Friedman Memorial	139	Nonhub	63,174	--	--	4	4
Magic Valley Regional	131	Nonhub	29,291	--	--	3	3
Pocatello Regional	225	Nonhub	25,480	--	--	2	2
Adjacent states							
Seattle-Tacoma International	509	Large	17,413,997	296	63	196	555
Salt Lake City International	340	Large	9,979,964	136	34	153	324
Portland International	426	Large	7,842,533	96	49	106	251
Reno/Tahoe International	423	Medium	1,609,450	13	22	23	58
Spokane International	426	Small	1,436,053	13	10	29	51
Billings Logan International	610	Small	413,499	19	1	9	29
Jackson Hole	380	Nonhub	305,204	10	--	2	12

Note: Fiscal Year ended September 30.

(a) Federal Aviation Administration, Passenger Boarding (Enplanement) and All-Cargo Data for U.S. Airports, www.faa.gov.
(b) Boise Airport records and U.S. Department of Transportation, Schedule T100, online database, accessed May 2015. Includes domestic and international activity.
(c) OAG Aviation Worldwide Ltd., online database, accessed May 2015.

2.2 AIRPORT ROLE

As discussed in the following sections, the Airport is a primary commercial service airport serving Boise, serves a large origin-destination (O&D) passenger base, and is a small air traffic hub airport* in the national air transportation system.

*A small hub is defined by the FAA as a community that enplanes between 0.05% and 0.25% of all passengers enplaned on certificated route air carriers in all services in the 50 states, the District of Columbia, and other designated territorial possessions of the United States.

2.2.1 Origin-Destination Passenger Base

The Airport's large O&D passenger base (i.e., passengers beginning or ending their trips at the Airport) reflects the strength of the Boise MSA's economy and its role as a business, trade, manufacturing, and government center.

2.2.2 Small Hub Airport

The FAA classifies the Airport as a small hub. According to Airports Council International-North America, the Airport ranked as the 79th largest passenger airport in the United States in calendar year 2013 in terms of total passengers.* As described further in Section 3.1, "Historical Airline Service and Traffic," as of June 2015, the Airport was served by three mainline passenger airlines, four regional affiliates, and two low cost carriers, which together provided 60 daily nonstop departures to 17 airports in 15 cities. The Airport was also served by four all-cargo airlines and various charter airlines.

2.3 ECONOMIC BASIS FOR AIRLINE TRAFFIC

The economy of the Boise MSA is an important determinant of long-term passenger demand at the Airport. The development and diversity of the economic base of an airport service region are both important to passenger traffic growth at the airport serving that region. This is particularly true where the industries in the region rely on the airport for passenger and cargo service. The Boise MSA has a diverse economic base and is a regional center of government, industry, and education.

The following sections present a discussion of the economic basis for airline traffic at the Airport—the historical population, employment, and per capita income of the Boise MSA; industry clusters, and tourism—and a summary of the economic outlook for the United States, the State of Idaho, and the Boise MSA.

2.3.1 Historical Population, Employment, and Per Capita Income

Table 3 presents comparative trends in population, nonagricultural employment, and per capita personal income in the Boise MSA, the State of Idaho, and the United States from 2000 through 2014.

Population. As shown in Table 3, the population of the Boise MSA increased an average of 2.5% per year between 2000 and 2014, faster than population growth for the State and nation. Strong population growth in the Boise MSA and State of Idaho has, in large part, been driven by the migration of people from other states for the comparatively low cost of living, low real estate prices, and high quality of life. During the 2008-2009 economic recession, population growth in the Boise MSA and State slowed as migration decreased, reflecting decreases in housing prices that prevented many people from relocating to other states such as Idaho and the limited employment opportunities nation-wide. Population in the Boise MSA is projected by Woods & Poole to increase an average of 1.6% per year between 2014 and 2020.

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*This ranking excludes Canadian airports.

Table 3

HISTORICAL AND PROJECTED SOCIOECONOMIC DATA

Boise MSA, State of Idaho, and United States

2000-2020

	Population (thousands)			Nonagricultural employment (thousands)			Per capita income in 2005 dollars		
	Boise MSA	State of Idaho	United States	Boise MSA	State of Idaho	United States	Boise MSA	State of Idaho	United States
2000	469	1,299	282,162	229	560	131,785	33,135	27,996	34,386
2001	486	1,320	284,969	234	568	131,826	32,469	28,303	34,359
2002	500	1,340	287,625	234	568	130,341	32,192	28,271	34,176
2003	512	1,363	290,108	235	572	129,999	31,727	28,076	34,278
2004	526	1,392	292,805	242	588	131,435	33,086	29,375	35,058
2005	547	1,428	295,517	255	611	133,703	32,881	29,544	35,452
2006	571	1,469	298,380	272	638	136,086	34,479	30,509	36,546
2007	590	1,505	301,231	277	655	137,598	33,674	30,713	37,212
2008	603	1,534	304,094	274	649	136,790	31,778	30,034	37,143
2009	611	1,554	306,772	256	610	130,807	29,528	28,218	35,363
2010	618	1,571	309,350	254	604	129,874	29,831	28,568	35,769
2011	628	1,585	311,592	257	607	131,359	36,510	28,935	36,173
2012	638	1,596	314,112	266	622	134,104	36,928	36,235	45,575
2013	650	1,613	316,498	274	638	136,393	37,377	36,732	45,491
2014	664	1,634	318,857	283	655	139,042	n.a.	37,533	46,129
Projected									
2020	733	1,770	338,305	311	713	150,669	39,839	40,155	49,893
	Percent increase (decrease)								
2010-2011	1.6%	0.8%	0.8%	1.8%	1.2%	1.2%	(0.2%)	1.7%	2.2%
2011-2012	1.6	0.7	0.8	3.0	1.9	1.7	1.1	2.2	2.3
2012-2013	2.0	1.1	0.8	3.2	2.5	1.7	1.2	1.4	(0.2)
2013-2014	2.1	1.3	0.7	3.0	2.7	1.9	n.a.	2.2	1.4
	Compound annual percent increase								
2000-2010	2.8%	1.9%	0.9%	1.0%	0.8%	(0.1%)	(1.1%)	0.0%	0.4%
2010-2014	1.8	1.0	0.8	2.7	2.1	1.6	-0.1	1.9	1.4
2000-2014	2.5	1.7	0.9	1.5	1.1	0.4	-0.7	0.6	0.7
2014-2020	1.6	1.3	1.0	1.6	1.4	1.3	0.1	1.1	1.3

MSA = Metropolitan Statistical Area, consisting of Ada, Boise, Canyon, Gem, and Owyhee counties.

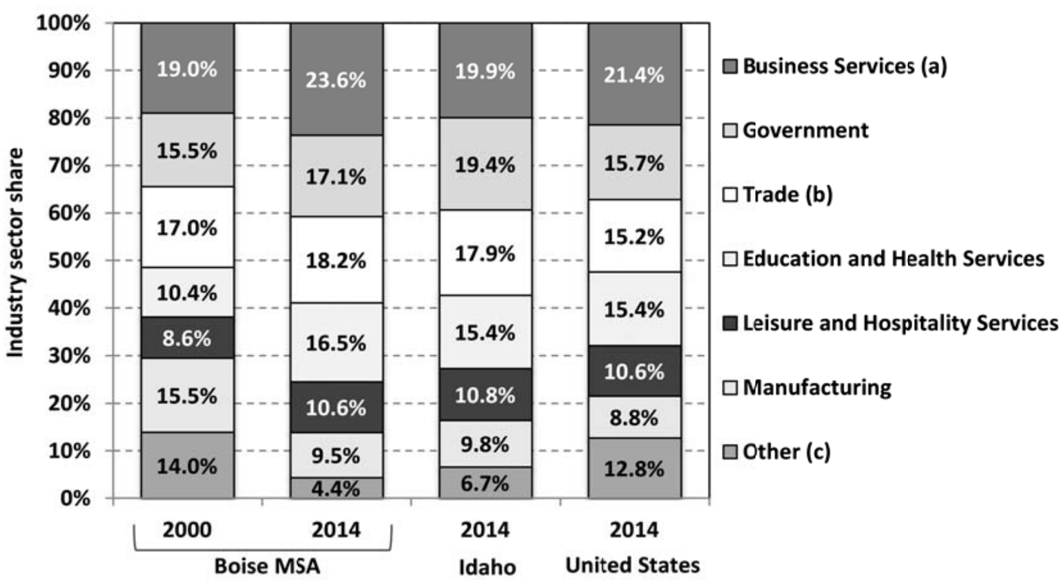
Sources: U.S. Department of Commerce, Bureau of the Census, www.census.gov, U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov, accessed April 2015. Adjusted to constant 2000 dollars using the U.S. Department of Labor, Consumer Price Index for Urban Consumers (1982-84 = 100), www.bls.gov, and Woods & Poole, *Economic and Demographic Projections*, 2013.

Employment. Nonagricultural employment in the Boise MSA increased an average of 1.0% per year between 2000 and 2010, compared with overall decreases in the nation, notwithstanding two national economic recessions that occurred during this period. Between 2010 and 2014, nonagricultural employment in the Boise MSA increased an average of 1.5% per year, faster than that for the State (1.1%) and the nation (0.4%), as shown in Table 4. Nonagricultural employment in the Boise MSA is projected by Woods & Poole to increase an average of 1.6% per year between 2014 and 2020.

Per Capita Personal Income. From 2000 to 2013, per capita personal income (in 2005 constant dollars) in the Boise MSA decreased an average of 0.7% per year, as shown in Table 4. Per capita personal income in the Boise MSA is projected by Woods & Poole to increase an average of 0.1% per year between 2014 and 2020. In 2013 (the most recent year available), the average per capita income in the Boise MSA exceeded that for the State, but was less than that for the nation.

Nonagricultural Employment by Industry Sector. Figure 2 shows a comparative distribution of nonagricultural employment by industry sector for the Boise MSA in 2000 and in 2014, and for the State and the nation in 2014. Employment in services (50.8%)—including business, education, health, and other services, such as leisure and hospitality—and trade (18.2%) accounted for 68.0% of total nonagricultural employment in the Boise MSA in 2014.

Figure 2
COMPARATIVE DISTRIBUTION OF NONAGRICULTURAL EMPLOYMENT



(a) Includes professional and business services, financial activity, and information.
(b) Includes transportation and public utilities.
(c) Includes mining, construction, and other services.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, accessed April 2015, www.bls.gov.

Unemployment Rates. In addition to the employment trends cited above, the unemployment rate is also indicative of the general economic climate. Table 4 shows comparative annual unemployment rates in the Boise MSA, the State, and the nation as a whole for 2000 through 2014. The unemployment rate in the Boise MSA has followed the trends in the State and remained consistently lower than that in the nation during this period.

Table 4
COMPARATIVE UNEMPLOYMENT RATES

	Boise MSA	State of Idaho	United States
2000	3.8%	4.7%	4.0%
2001	4.3	5.1	4.7
2002	5.2	5.6	5.8
2003	5.3	5.6	6.0
2004	4.5	4.9	5.5
2005	3.7	4.0	5.1
2006	3.1	3.5	4.6
2007	3.0	3.1	4.6
2008	5.4	5.1	5.8
2009	9.6	8.8	9.3
2010	9.2	9.0	9.6
2011	8.3	8.3	8.9
2012	7.1	7.2	8.1
2013	5.9	6.1	7.4
2014	4.6	4.8	6.2

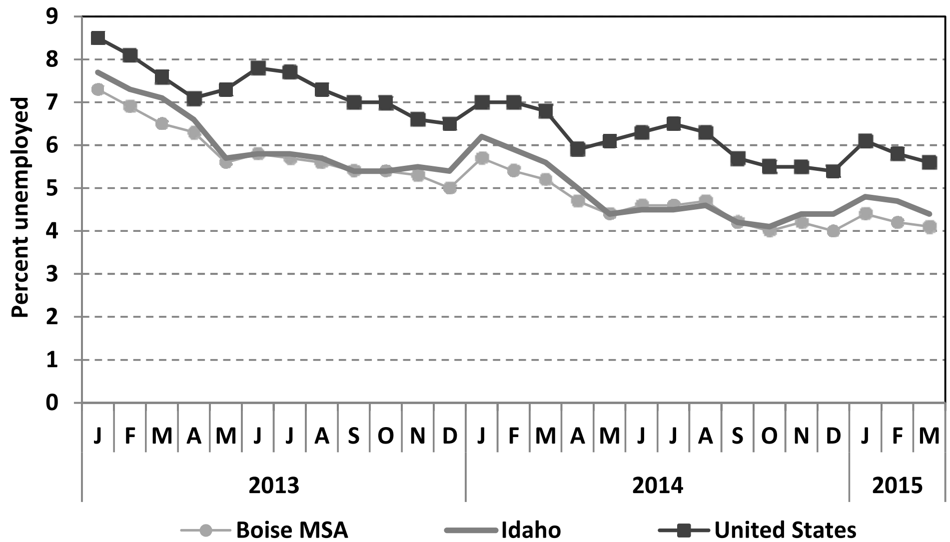
MSA = Metropolitan Statistical Area, consisting of Ada, Boise, Canyon, Gem and Owyhee counties.

Note: Unemployment rates are for calendar years and not seasonally adjusted and represent annual averages.

Source: U.S. Department of Labor, Bureau of Labor Statistics, www.bls.gov, accessed May 2015.

Since 2013, monthly unemployment rates in the Boise MSA, Idaho, and the United States have decreased, as shown on Figure 3. In March 2015, the Boise MSA unemployment rate was 4.1%, lower than the State (4.4%) and the nation (5.6%).

Figure 3
MONTHLY UNEMPLOYMENT RATES



Note: Unemployment rates are not seasonally adjusted.
Boise MSA consists of Ada, Boise, Canyon, Gem and Owyhee counties.

Source: U.S. Department of Labor, Bureau of Labor Statistics website, www.bls.gov, accessed April 2015.

Major Employers. Table 5 lists the 25 largest employers in the Boise MSA as of 2014. The list of major employers reflects the diversity of the companies and organizations in the region.

Table 5
FORTUNE 500
BOISE MSA TOP 20 LARGEST EMPLOYERS IN 2014

Employer	Employment range	Industry
St Luke's Health Systems	8,000-8,500	Health Services
Micron Technology	5,700-5,799	Manufacturing
Boise State University	4,600-4,699	Education
Meridian Joint School District 2	4,300-4,399	Education
Boise Independent School District 1	3,800-4,899	Education
St Alphonsus Regional Medical Center	3,400-3,499	Health Care
Wal-Mart	2,500-2,599	Retail Trade
Hewlett-Packard Company	2,000-2,099	Manufacturing
J R Simplot Company	2,000-2,099	Manufacturing
Albertsons	2,000-2,099	Retail Trade
City of Boise	1,900-1,999	Local Government
Idaho Power Company	1,700-1,799	Utilities
Ada County	1,600-1,699	Local Government
Nampa School District 131	1,500-1,599	Education
State of Idaho Department of Health and Welfare	1,400-1,499	State Government
Wells Fargo Bank NA	1,400-1,499	Financial Activities
McDonalds	1,300-1,399	Food Services
US Veterans Administration	1,200-1,299	Federal Government
State of Idaho Department of Corrections	1,200-1,299	State Government
WDS Global	1,000-1,099	Administrative and Waste Services
DirecTV	1,000-1,099	Telecommunications
United States Postal Service	1,000-1,099	Federal Government

MSA = Metropolitan Statistical Area, consisting of Ada, Boise, Canyon, Gem and Owyhee counties.

Source: Idaho Department of Labor, Communications and Research, *Report of Employment and Wages,* September 18, 2014.

2.3.2 Industry Clusters

The economies of the Boise MSA and Idaho as a whole are driven by companies that export goods and services nationally and globally, bringing in new investment and jobs that support economic growth as well as air service development. Companies that make up industry clusters, also referred to as the "trade sector", tend to *cluster* because they draw competitive advantage from their proximity to competitors, to a skilled workforce, to specialized suppliers, and to a shared base of sophisticated knowledge about their industry.

According to the Boise Office of Economic Development, there are four emerging industry clusters in the Boise MSA.

- The environmental technology cluster includes companies such as Micron Technology and Power Engineers.
- The advanced energy cluster includes companies such as U.S. Geothermal, Transform Solar, Inovus Solar, and Sunergy World. In addition, this cluster includes the Center for Advanced Energy Studies, located at Boise State University, which is a public/private partnership between the Idaho National Laboratory, Boise State University, the University of Idaho, Idaho State University, and private industry.
- The analytics software cluster includes Balihoo, Clearwater Analytics, Keynetics, MetaGeek, Microsoft, and White Cloud Analytics.
- The medical technology cluster includes Saint Alphonsus Health System, the Gardner Company, On Demand Solutions, Treasure Valley Hospital, Boise State University, and the Idaho National Laboratory. This industry cluster is promoted by THE CORE, a health sciences, research, technology, and business enterprise corridor in the city of Meridian in Ada County.

2.3.3 Tourism

Tourism represents an important source of economic activity in the Boise MSA and State of Idaho. According to the State of Idaho, Department of Commerce, “travel is a $3.4 billion industry in Idaho, providing 26,000 jobs and generating nearly $500 million in federal, state, and local tax revenues.”* Idaho’s premier tourism products are whitewater rafting, kayaking, mountain biking, golf, and winter skiing. Idaho’s destination resorts include Sun Valley, Coeur d’Alene, Schweitzer Mountain, Silver Mountain, and the tribally-owned Coeur d’Alene Casino Resort, all offering year-round activities. In addition, the Oregon Trail crosses through southern Idaho and the route of the Lewis and Clark Expedition passes through northern Idaho.

The Boise Centre, located downtown in the City of Boise four miles from the Airport, is Idaho’s primary convention center for conferences and meetings. With 50,000 square feet of flexible meeting and exhibit space, the Boise Centre has a 349-seat auditorium and 20

*State of Idaho Department of Commerce, Division of Tourism, www.commerce.idaho.gov, accessed May 2015.

flexible meeting room combinations. The Greater Boise Auditorium District estimates the annual total economic impact of conventions locally will climb from $21 million in 2013 to $69 million by 2023, based on formulas from a 2012 Boise State University study.*

In July 2014, the Greater Boise Auditorium District broke ground on the expansion of the Boise Centre. The new construction and planned renovations to the existing building will nearly double the Boise Centre's current 50,000 square feet of meeting and event space, with expected completion in 2016. The expanded space will include 15,000 square feet ballroom, 14,000 square feet of flexible meeting space, 7,000 square feet of pre-function and lobby space, connectivity to existing Boise Centre via skywalk, and planned renovations to the existing Boise Centre include adding 8,000 square feet of meeting space.

Table 6 presents historical lodging sales, an indicator of tourism activity, in the Boise MSA and the State from 2000 through 2014. Lodging sales in the Boise MSA expanded between 2010 and 2014, increasing an average of 10.3% per year, compared with slower growth between 2000 and 2010 (an average of 1.4% per year). Historically, lodging sales in Boise has accounted for approximately 30% of total lodging sales in the State. In 2009, lodging sales in the Boise MSA and the State decreased 18.3% and 12.1%, respectively, reflecting the effects of the 2008-2009 economic recession. In 2014, lodging sales in the Boise MSA increased 11.5%, faster than that for the State (10.0%).

*The Greater Boise Auditorium District, "Auditorium District Announces Intentions to Expand Convention Center as Part of Grove Plaza/US Bank Project," January 30, 2014. Boise State University, COBE Center for Business and Economic Research, *The 2011 Economic and Fiscal Impacts of the Boise Center Meetings and Conventions*, July 2012, www.boiseauditorium.com, accessed September 2012.

Table 6
HISTORICAL LODGING SALES IN THE BOISE MSA AND STATE OF IDAHO

	Boise MSA			State of Idaho	
Calendar year	Lodging sales (millions)	Percent change	Percent of State	Lodging sales (millions)	Percent change
2000	$91.7	9.4%	32.6%	$281.0	6.9%
2001	94.6	3.1	34.3	276.0	(1.8)
2002	94.2	(0.4)	33.5	281.3	1.9
2003	93.7	(0.5)	33.2	282.5	0.4
2004	100.0	6.7	32.7	305.3	8.1
2005	111.8	11.8	33.9	329.9	8.0
2006	124.4	11.2	33.9	366.4	11.1
2007	126.6	1.8	32.6	388.9	6.1
2008	129.0	1.9	31.7	407.6	4.8
2009	105.5	(18.3)	29.4	358.1	(12.1)
2010	105.5	(0.0)	29.3	359.5	0.4
2011	113.5	7.6	30.3	374.3	4.1
2012	124.6	9.7	30.9	403.0	7.7
2013	140.2	12.6	32.1	436.7	8.4
2014	156.3	11.5	32.5	480.2	10.0
	Compound annual percent increase				
2000-2010	1.4%			2.5%	
2010-2014	10.3			7.5	
2000-2014	3.9			3.9	

Source: Idaho State Tax Commission, as reported by the State of Idaho Department of Commerce, *Idaho Lodging Tax Data (Calendar Year)—Total Sales*, www.commerce.idaho.gov, accessed April 2015.

2.3.4 Economic Outlook

The economic outlook for the United States, the State of Idaho, and the Boise MSA forms a basis for anticipated growth in airline traffic at the Airport. Economic activity in the Boise MSA and the State is directly linked to the production of goods and services in the world and the rest of the United States. Both airline travel and the movement of cargo through the Airport depend on the economic linkages between and among the regional, State, national, and global economies. The economic and other assumptions underlying the forecasts of enplaned passengers are based on a review of global, national, State, and regional economic outlooks as well as an analysis of historical socioeconomic trends and airline traffic trends, as presented in the section titled "Historical Airline Traffic."

Global Economy. Globalization of the world economy has linked national economies, with positive impacts on travel as well as trade. The Boise MSA and the State are strongly connected to the global economy through a number of industry sectors, including tourism, business services, and manufacturing. The economic growth of these world regions, in terms of Gross Domestic Product (GDP), is directly related to the growth in air travel. According to IHS Global Insight, world GDP, in 2010 dollars, is forecast to increase an average of 3.3% per year between 2014 and 2020.* Continued growth in the economies of the world regions most closely aligned with the Boise MSA economy and airline service at the Airport are expected to contribute to continued growth in passenger traffic at the Airport.

U.S. Economy. The U.S. economy has grown at a slow to moderate pace since the 2008-2009 economic recession. The Congressional Budget Office (CBO) forecasts stronger economic growth in 2015 than in 2014, with GDP increasing 2.8% compared with 2.2% in 2014. Thereafter, the CBO projects economic growth of 3.0% percent in 2016 and 2.7% in 2017, before settling into a longer-term 2.2% rate of growth through 2020.** The CBO expects the U.S. unemployment rate to average 5.4% through 2020.

In January 2015, the U.S. Energy Information Administration (EIA) released an update of its short-term energy outlook, reflecting the decrease in oil prices since June 2014. The EIA forecasts oil prices to decrease from an average of $93 per barrel in 2015 to $55 in 2015 and $71 in 2016. The EIA's oil price forecasts reflect "a scenario in which supply is expected to continue to exceed demand, leading to inventory builds through the first three quarters of 2015. With increased demand and weakening supply, the market becomes more balanced beyond mid-2015, and prices begin to rise."***

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*IHS Global Insight as report by Federal Aviation Administration, FAA Aerospace Forecasts, Fiscal Years 2015 – 2035, www.faa.gov, March 2015.

**Congressional Budget Office, *Economic Outlook: Fiscal Years 2014-2024*, January 26, 2015, www.cbo.gov. Represents the percent change from year to year.

***U.S. Department of Energy, Energy Information Administration, *Short-Term Energy Outlook*, January 2015, www.eia.gov.

Idaho and the Boise MSA Economy. After a slow recovery from the 2008-2009 economic recession, Idaho's economy has returned to a sustainable growth pattern and is expected to outperform the national economy over the next few years, according to economic and revenue forecasts prepared by the State of Idaho Division of Financial Management (DFM).* Regional economic forecasts for the Boise MSA have not been prepared in recent years. Because the Boise MSA accounts for more than 40% of the State's nonagricultural employment, regional forecasts prepared for Idaho were used to evaluate certain near-term trends in the Boise MSA.

- **Nonagricultural employment**— The DFM projects an increase of 2.0% in 2015, 2.2% in 2016 and 2017, and 2.1% in 2018 and notes that "nonfarm employment not only advances each year, but it accelerates over time."

- **Personal Income**—The DFM projects that total personal income, in 2009 dollars, will increase 2.4% in 2015, 3.3% in 2016, 3.6% in 2017, and 3.1% in 2018.

- **Residential construction**—The DFM notes that "while still growing, Idaho's housing market has not recovered as fast as was previously predicted." The DFM projects that the number of new housing starts will increase 0.6% in 2015—reflecting a temporary correction related to increases in home prices and the number of existing homes for sale, 12.0% in 2016, 10.8% in 2017, and 2.4% in 2018.

Economic Basis for Airline Traffic Forecasts. Factors expected to contribute to continued economic growth in the Boise MSA and associated increases in airline travel include (1) diversity in the economic base, which lessens its vulnerability to weaknesses in particular industry sectors, (2) growth in the Boise industry clusters as described earlier, (3) continued growth in the leisure and hospitality industry, (4) generally lower labor and living costs compared with those in many of the largest cities in the nation and other major western metropolitan areas, such as Los Angeles, San Francisco, and Seattle, (5) an educated labor force able to support the development of knowledge-based and service industries, and (6) continued reinvestment to support the development of tourism, conventions, and other businesses.

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*State of Idaho, Division of Financial Management, "Idaho Economic Forecast," April 2015, www.dfm.idaho.gov, accessed June 2015.

3. AVIATION DEMAND ANALYSIS

This section summarizes historical airline service and traffic at the Airport, discusses the key factors that will affect future airline traffic, and then summarizes the airline traffic forecasts for the Airport through FY 2021.

3.1 HISTORICAL AIRLINE SERVICE AND TRAFFIC

The following sections present a discussion of historical airline traffic at the Airport, including (1) historical trends in enplaned passengers, (2) enplaned passenger market shares, (3) origin-destination passenger markets, (4) passenger airline service, and (5) a review of air cargo activity.

3.1.1 Airlines Serving the Airport

As of June 2015, three U.S. mainline passenger airlines, four regional airlines, and two low cost carriers provided service at the Airport, as shown in Table 7. In addition, four airlines provided all-cargo service and various airlines provided charter service.

Table 7
AIRLINES SERVING THE AIRPORT
As of June 2015

Mainline airlines	Low cost carriers
American Airlines	Allegiant Airlines
Delta Air Lines	Southwest Airlines
United Airlines	
Regional airlines	**All-Cargo airlines**
Horizon Air (Alaska)	Ameriflight
GoJet (United Express)	FedEx
Shuttle America (United Express)	United Parcel Service
Skywest (Delta Connection, United Express)	Western Air Express

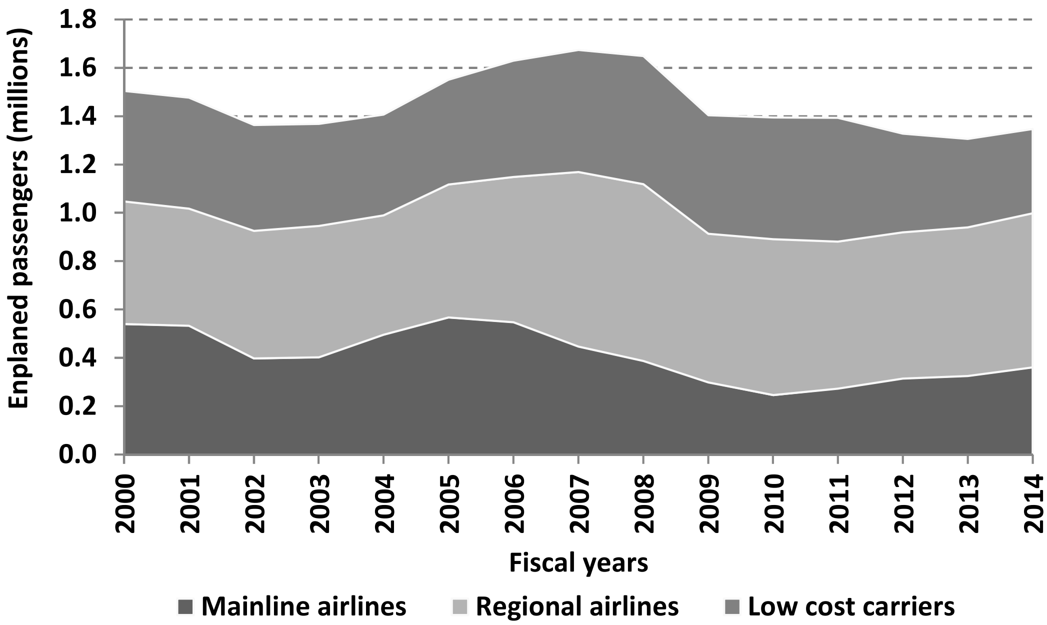
Sources: Boise Airport records and OAG Aviation Worldwide Ltd., online database, accessed May 2015.

3.1.2 Enplaned Passenger Trends

Table 8 presents trends in enplaned passengers at the Airport between FY 2000 and FY 2014 and during the first 8 months of FY 2015 (October 2014 through May 2015). Between FY 2000 and FY 2010, the number of enplaned passengers decreased an average of 0.8% per year, reflecting the effects of two economic recessions in 2001 and 2008-2009, the 2008 oil price spike, the financial credit crisis, and overall airline industry reductions in capacity (as measured in the scheduled departing seats). Passenger traffic continued to decrease in FY 2011 through FY 2013 in response to a slow economic recovery, but resumed growth in FY 2014 and during the first 8 months of FY 2015, with increases of 3.2% and 7.0%, respectively.

Since FY 2000, regional airlines have accounted for an increasing share of total enplaned passengers at the Airport, as shown on Figure 4. The share of Airport passengers enplaned on regional airlines increased from 33.8% in FY 2000 to a high of 47.4% in FY 2014.

Figure 4
HISTORICAL TRENDS IN ENPLANED PASSENGERS
Boise Airport



Note: Fiscal Years ended September 30.

Source: Boise Airport records.

Table 8
HISTORICAL ENPLANED PASSENGERS
Boise Airport

Fiscal year	Network airlines: Mainline airlines	Network airlines: Regional airlines	Network airlines: Total	Low cost carriers	Total	Annual percent increase (decrease)
2000	540,588	508,195	1,048,783	456,105	1,504,888	--%
2001	533,830	484,383	1,018,213	458,356	1,476,569	(1.9)
2002	398,252	527,731	925,983	438,034	1,364,017	(7.6)
2003	403,295	544,412	947,707	421,084	1,368,791	0.3
2004	496,365	493,971	990,336	416,335	1,406,671	2.8
2005	568,093	549,863	1,117,956	432,490	1,550,446	10.2
2006	549,031	600,238	1,149,269	479,723	1,628,992	5.1
2007	447,903	721,738	1,169,641	504,368	1,674,009	2.8
2008	388,692	730,132	1,118,824	530,710	1,649,534	(1.5)
2009	299,097	616,058	915,155	489,166	1,404,321	(14.9)
2010	246,890	646,428	893,318	502,078	1,395,396	(0.6)
2011	274,759	606,635	881,394	512,217	1,393,611	(0.1)
2012	315,468	604,574	920,042	408,725	1,328,767	(4.7)
2013	326,030	615,996	942,026	364,516	1,306,542	(1.7)
2014	361,404	638,508	999,912	348,075	1,347,987	3.2
October-May						
2014	227,169	406,882	634,051	220,184	854,235	--%
2015	248,287	438,659	686,946	226,847	913,793	7.0
	Annual percent increase (decrease)					
2009-2010	(17.5%)	4.9%	(2.4%)	2.6%	(0.6%)	
2010-2011	11.3	(6.2)	(1.3)	2.0	(0.1)	
2011-2012	14.8	(0.3)	4.4	(20.2)	(4.7)	
2012-2013	3.3	1.9	2.4	(10.8)	(1.7)	
2013-2014	10.8	3.7	6.1	(4.5)	3.2	
2014-2015 *(a)*	4.9	11.8	9.0	2.2	7.2	
	Compound annual percent increase (decrease)					
2000-2010	(7.5%)	2.4%	(1.6%)	1.0%	(0.8%)	
2010-2014	10.0	(0.3)	2.9	(8.8)	(0.9)	
2000-2014	(2.8)	1.6	(0.3)	(1.9)	(0.8)	

Note: Fiscal Years ended September 30.
Data for Delta's mainlines and regional affiliates were not reported separately in Airport records and were estimated based on data from the U.S. Department of Transportation, T100 online database, accessed June 2015.
Low cost carrier passengers in FY 2000 through FY 2007 are from U.S. Department of Transportation.

(a) Represents the percent change for the first 6 months (October through March).

Source: Boise Airport records, except as noted.

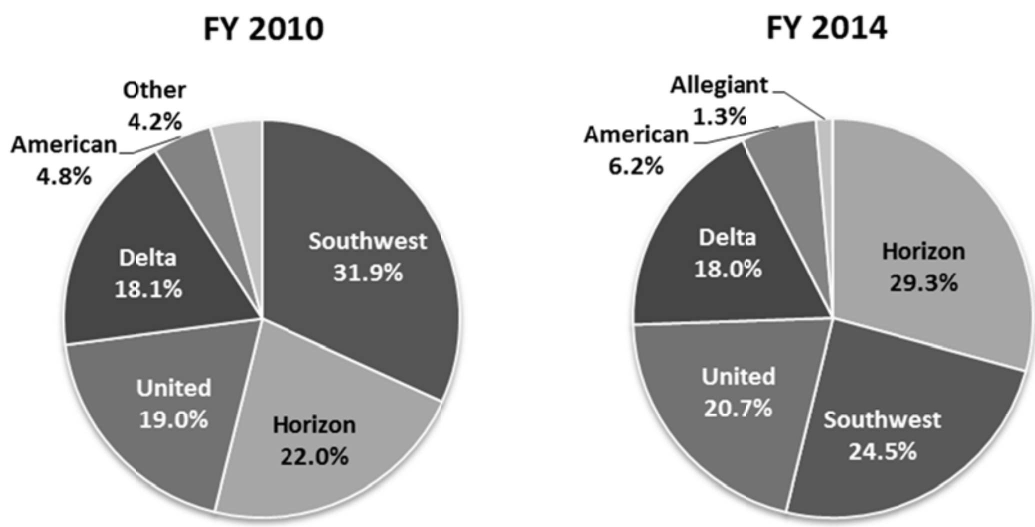
3.1.3 Airline Shares of Enplaned Passengers

Table 9 and Figure 5 show the airline market shares of enplaned passengers at the Airport in FY 2010 through FY 2014. In FY 2014, Horizon enplaned the largest share of passengers at the Airport (29.3%), followed by Southwest Airlines with 24.5% and United (mainline and regional affiliates) with 20.7%. The market share of the mainline and regional airlines increased between FY 2010 and FY 2014--from 17.7% to 26.8% and from 46.3% to 47.4%, respectively. Low cost carriers accounted for 25.8% of enplaned passengers at the Airport in FY 2014, down from 36.0% in FY 2010.

Figure 5

AIRLINE MARKET SHARES OF ENPLANED PASSENGERS

Boise Airport



Note: See Table 9 for detailed footnotes.

Source: Boise Airport records.

Table 9

AIRLINE MARKET SHARES OF ENPLANED PASSENGERS

Boise Airport

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Mainline					
Delta *(a) (e)*	77,329	104,937	134,305	151,259	180,889
United *(b)*	102,359	96,420	100,786	93,841	97,513
American (*c*)	67,202	73,402	80,377	80,930	83,002
Subtotal—mainline	246,890	274,759	315,468	326,030	361,404
Regional/Commuter					
Horizon	306,295	278,021	320,487	357,894	394,600
United Express	163,290	163,429	166,612	174,895	181,537
American Eagle	--	12,027	8,061	--	--
Delta Connection *(e)*	175,517	150,858	105,934	81,549	61,808
Other	1,326	2,300	3,480	1,658	563
Subtotal—regional	646,428	606,635	604,574	615,996	638,508
Low cost carriers					
Southwest *(d)*	444,997	474,206	408,161	345,145	330,182
Frontier	55,387	36,741	--	--	--
Allegiant	1,046	1,270	564	19,371	17,893
Other	648	--	--	--	--
Subtotal—low cost carriers	502,078	512,217	408,725	364,516	348,075
Total	1,395,396	1,393,611	1,328,767	1,306,542	1,347,987
	Percent of total				
Mainline					
Delta *(a) (e)*	5.5%	7.5%	10.1%	11.6%	13.4%
United *(b)*	7.3	6.9	7.6	7.2	7.2
American (*c*)	4.8	5.3	6.0	6.2	6.2
Subtotal—mainline	17.7%	19.7%	23.7%	25.0%	26.8%
Regional/Commuter					
Horizon	22.0%	19.9%	24.1%	27.4%	29.3%
United Express	11.7	11.7	12.5	13.4	13.5
American Eagle	--	0.9	0.6	--	--
Delta Connection *(e)*	12.6	10.8	8.0	6.2	4.6
Other	0.1	0.2	0.3	0.1	0.0
Subtotal—regional	46.3%	43.5%	45.5%	47.1%	47.4%
Low cost carriers					
Southwest *(d)*	31.9%	34.0%	30.7%	26.4%	24.5%
Frontier	4.0	2.6	--	--	--
Allegiant	0.1	0.1	0.0	1.5	1.3
Other	0.0	--	--	--	--
Subtotal—low cost carriers	36.0%	36.8%	30.8%	27.9%	25.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Fiscal Years ended September 30.

(a) Delta completed its merger with Northwest in October 2008.
(b) United completed its merger with Continental in October 2010.
(c) American completed its merger with US Airways in April 2015.
(d) Southwest completed its merger with AirTran Airways in May 2011.
(e) Data for Delta's mainline and regional affiliates were not reported separately in Airport records and estimated based on data from the U.S. Department of Transportation, T100 online database, accessed May 2015.

Source: Boise Airport records.

3.1.4 Origin-Destination Markets

Table 10 shows the top 20 origin-destination markets for passengers at the Airport in FY 2014. Average daily nonstop departures from the Airport by the scheduled airlines in June 2015 are also shown. These 20 markets accounted for 73.4% of the domestic O&D passengers at the Airport in FY 2014. These origin-destination patterns are illustrated on Figure 6.

Seattle and Portland are the top two markets for originating passengers at the Airport, accounting for 10.5% and 7.8%, respectively, of domestic O&D passengers at the Airport in FY 2014. Other major markets include Los Angeles, San Francisco, Denver, Las Vegas, and Phoenix. Of the top 20 destinations, 5 are short-haul routes (less than 500 miles), 10 are medium-haul routes (between 500 and 1,500 miles), and 5 long-haul routes (1,500 miles or longer).

Table 10 also presents the average daily number of nonstop departures to the O&D markets listed. Of the top 20 markets, 14 were served nonstop from the Airport in June 2015, as shown in Table 11 and on Figure 6.

Table 10
DOMESTIC PASSENGER DESTINATION PATTERNS AND AIRLINE SERVICE
Boise Airport

Rank	Origin-destination market	Air miles from Boise	Percent of domestic O&D passengers In FY 2014	Average scheduled daily nonstop departures June 2015
1	Seattle	398	10.5%	14
2	Portland	343	7.8	7
3	Los Angeles *(a)*	673	7.0	2
4	San Francisco *(b)*	519	6.7	7
5	Denver	647	5.0	6
6	Las Vegas	520	5.0	2
7	Phoenix	735	4.8	4
8	Spokane	288	4.3	2
9	San Diego	750	3.4	1
10	Salt Lake City	290	2.6	6
11	Sacramento	438	2.2	1
12	Chicago *(c)*	1,438	2.1	3
13	Washington D.C. *(d)*	2,037	2.1	--
14	Dallas *(e)*	1,284	1.8	--
15	Minneapolis/St Paul	1,138	1.6	3
16	New York *(f)*	2,150	1.6	--
17	Orlando	2,188	1.3	--
18	Atlanta	1,837	1.2	--
19	Houston *(g)*	1,489	1.2	1
20	Honolulu	2,837	1.1	--
	Cities listed		73.4%	59
	Other cities		26.6	1
	All cities		100.0%	60

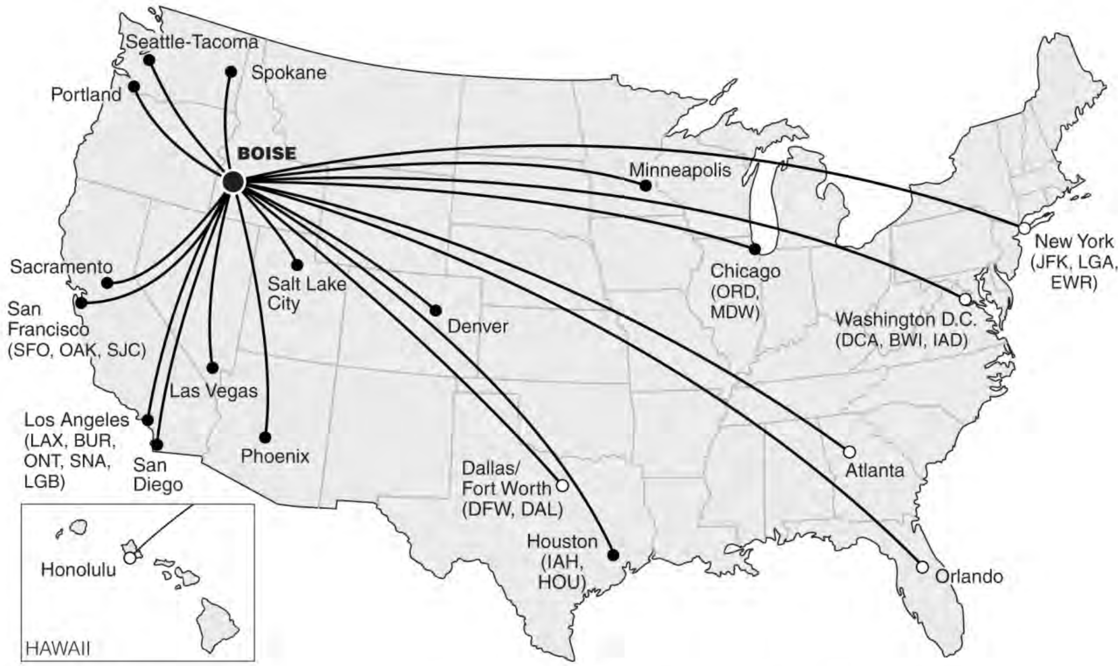
Note Includes cities with 1% or more of total inbound and outbound domestic origin-destination passengers at Boise Airport, on the basis of a 10% sample of outbound passengers.

(a) Los Angeles International, Bob Hope (Burbank), Ontario International, John Wayne (Orange County), and Long Beach airports.
(b) San Francisco, Oakland, and Mineta San Jose international airports.
(c) Chicago O'Hare and Midway international airports.
(d) Regan Washington National, Baltimore/Washington International Thurgood Marshall, and Washington Dulles International airports.
(e) Dallas Fort Worth International and Love Field.
(f) New York Kennedy, New York LaGuardia, and Newark International airports.
(g) Bush Intercontinental Airport /Houston and William P. Hobby Airports.

Sources: O&D percentage: U.S. Department of Transportation, Origin-Destination Survey or Airline Passenger Traffic, Domestic, online database, accessed May 2015.

Departures: OAG Aviation Worldwide Ltd., online database, accessed May 2015.

Figure 6
DOMESTIC PASSENGER DESTINATION PATTERNS AND AIRLINE SERVICE
Boise Airport



LEGEND

- Origin-destination patterns. The width of the line corresponds to the relative share of origin-destination passengers in each market.
- ● Cities with scheduled daily nonstop airline service
- ○ Cities without scheduled daily nonstop airline service

Note: Origin-Destination data are for the top 20 destinations from Boise Airport.

Source: U.S. Department of Transportation, *Origin-Destination Survey or Airline Passenger Traffic, Domestic*, online database, FY 2014 and OAG Aviation Worldwide Ltd., online database, accessed May 2015.

3.1.5 Passenger Airline Service

The availability of nonstop service at the Airport has been an important factor in passenger traffic growth. Table 11 shows scheduled average daily departing seats at the Airport by destination city and airline in June 2012 and June 2015. The total number of average daily scheduled departing seats at the Airport increased 18.4% between June 2012 and June 2015, reflecting an expansion of service by Alaska and Delta and new service by Allegiant. Of the 15 cities shown in Table 11, 9 cities were served by more than one airline in June 2015.

Table 11
SCHEDULED DEPARTING SEATS BY DESTINATION AND AIRLINE
Boise Airport

Destination city	Airline	June 2012	June 2015	Increase (decrease)
Seattle	Alaska / Horizon	595	757	162
	Delta	--	254	254
		595	1,011	416
Salt Lake City	Alaska / Horizon	--	76	76
	Delta	530	571	40
		530	647	116
Denver	United	380	352	(28)
	Southwest	256	286	30
		636	638	3
San Francisco	Alaska / Horizon	76	76	--
	United	266	253	(12)
	Southwest	274	285	11
		616	614	(2)
Portland	Alaska / Horizon	367	527	160
	Southwest	272	--	(272)
		639	527	(113)
Phoenix	American	310	369	59
	Southwest	137	143	6
		447	512	65
Minneapolis/St Paul	Delta	377	407	30
Las Vegas	Allegiant	--	44	44
	Southwest	274	281	8
		274	326	52
Spokane	Southwest	269	266	(3)
Chicago	United	188	148	(40)
	Southwest	--	114	114
		188	263	74
Los Angeles	Delta	--	76	76
	Allegiant	--	44	44
	United	99	75	(24)
		99	196	97
Sacramento	Alaska / Horizon	76	76	--
Lewiston	Alaska / Horizon	63	73	10
Houston	United	--	70	70
San Diego	Alaska / Horizon	--	70	70
All cities		4,810	5,696	886

Source: OAG Aviation Worldwide Ltd., online database, accessed May 2015.

3.1.6 Airline Fares and Yields

Fares charged for airline travel to and from Boise have also been an important determinant of airline passenger traffic at the Airport. Airline yield, the airfare paid to transport one passenger one mile, is a unit measure of the cost of travel that minimizes the effect of average trip distance. Table 12 summarizes average annual domestic one-way airline fares and yields at the Airport since FY 2000.

From FY 2000 to FY 2015, average airline fares and yields at the Airport increased an average of 3.1% and 2.0% per year, respectively, with most of the increase occurring between FY 2010 and FY 2015—similar to the trends in the nation as a whole. Fares at the Airport increased at a higher rate than yields as a result of increased average stage lengths. In FY 2015, average airline fares and yields for Southwest Airlines were lower than the other airlines serving the Airport—20.6% and 4.5%, respectively.

“Average airfare” statistics reported to the U.S. Department of Transportation (DOT) survey of airline tickets are becoming less representative of the true “cost of travel.” Total airline fare revenue includes ancillary fees (bag check fees, onboard food and beverage costs, priority boarding fees, and so on), which have proliferated since the mid-2008 fuel price spike. These ancillary fees can represent material additional payments that are not included in the reported “average airfare” figures.

Table 12

AVERAGE DOMESTIC ONE-WAY AIRLINE FARES AND YIELD

	Boise Airport						United States	
	Southwest Airlines		All other airlines		All airlines			
Fiscal Year	Average one-way airline fares	Yield (cents per mile)	Average one-way airline fares	Yield (cents per mile)	Average one-way airline fares	Yield (cents per mile)	Average one-way airline fares	Yield (cents per mile)
2000	74	14.06	157	14.79	129	14.64	158	14.49
2001	75	14.15	153	14.20	125	14.19	161	14.62
2002	76	14.30	146	12.92	121	13.21	145	12.74
2003	80	15.08	146	12.55	124	13.02	146	12.66
2004	84	15.53	150	12.71	129	13.21	149	12.66
2005	86	15.84	151	12.79	131	13.32	144	12.26
2006	95	17.79	166	14.42	143	15.02	157	13.40
2007	99	17.81	170	14.84	146	15.42	160	13.68
2008	103	18.57	170	15.11	149	15.76	166	14.12
2009	108	17.72	163	14.20	144	14.93	164	13.88
2010	116	18.08	177	15.00	156	15.68	164	13.77
2011	132	18.13	186	15.61	167	16.25	178	14.88
2012	146	17.86	209	17.39	188	17.51	189	15.76
2013	163	18.43	208	17.95	195	18.06	191	15.87
2014	179	18.92	221	19.81	210	19.60	210	17.53
2015 *(a)*	171	19.09	215	20.00	204	19.79	220	18.13
	Compound annual percent increase (decrease)							
2000-2005	3.1%	2.4%	(0.8%)	(2.9%)	0.4%	(1.9%)	(1.8%)	(3.3%)
2005-2010	6.1	2.7	3.2	3.2	3.6	3.3	2.6	2.3
2010-2015	8.0	1.1	4.0	5.9	5.4	4.8	6.1	5.7
2000-2015 *(a)*	5.7	2.1	2.1	2.0	3.1	2.0	2.2	1.5

Notes: For Fiscal Years ended September 30.

(a) Data are for the first 3 months of FY 2015 (September through December), the most recent period available.

Source: U.S. Department of Transportation, *Origin-Destination Survey of Airline Passenger Traffic, Domestic,* online database, accessed May 2015.

3.1.7 Air Cargo

Historical air cargo (air freight and mail) tonnage carried by all-cargo airlines is presented in Table 13. From FY 2000 to FY 2014, total air cargo tonnage increased an average of 0.9% per year, with faster growth between FY 2010 and FY 2014 (an average increase of 2.4% per year) than between FY 2000 and FY 2010 (an average increase of 0.3% per year). The Airport is served by four all-cargo airlines—Ameriflight, FedEx, United Parcel Service, and Western Air Express.

Table 13
HISTORICAL AIR CARGO
Boise Airport
In thousands of pounds

Fiscal year	Freight	Mail	Total	Annual percent increase (decrease)
2000	68,006	8,786	76,792	--%
2001	73,136	20,069	93,205	21.4
2002	80,383	4,600	84,983	(8.8)
2003	83,542	3,756	87,297	2.7
2004	93,137	2,891	96,027	10.0
2005	90,881	2,349	93,230	(2.9)
2006	93,930	1,848	95,777	2.7
2007	95,200	170	95,370	(0.4)
2008	87,699	2,124	89,824	(5.8)
2009	73,378	1,681	75,059	(16.4)
2010	78,545	891	79,437	5.8
2011	80,110	957	81,067	2.1
2012	85,696	1,058	86,754	7.0
2013	84,583	956	85,539	(1.4)
2014	86,820	681	87,501	2.3
October-May				
2014	57,923	471	58,394	--%
2015	57,574	466	58,040	(0.6)
	Average annual percent increase (decrease)			
2000-2010	1.5%	(20.5%)	0.3%	
2010-2014	2.5	(6.5)	2.4	
2000-2014	1.8	(16.7)	0.9	

Note: Fiscal Years ended September 30.

Source: Boise Airport records.

3.2 KEY FACTORS AFFECTING FUTURE AIRLINE TRAFFIC

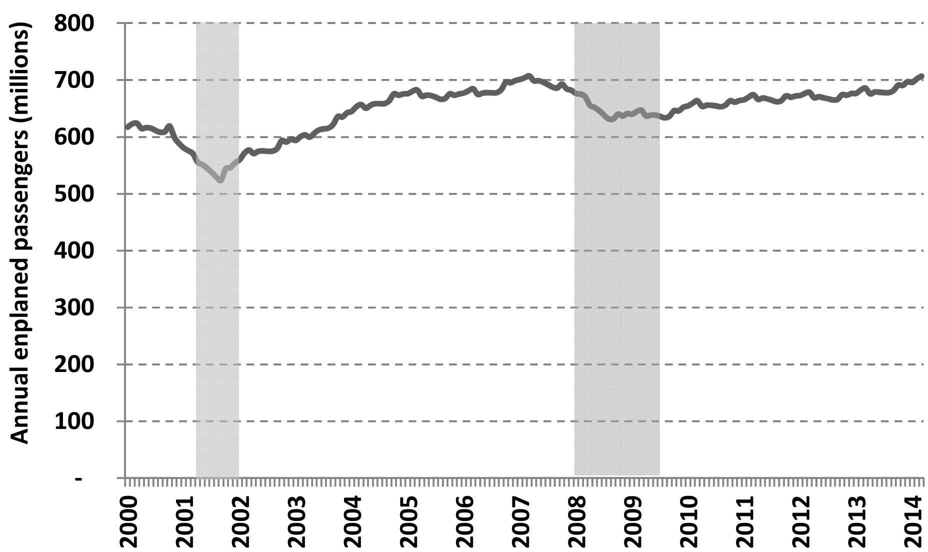
In addition to the economy and demographics of the Airport service region, discussed earlier, key factors that will affect future airline traffic at the Airport include:

- Economic and political conditions
- Financial health of the airline industry
- Airline service and routes
- Airline competition and airfares
- Availability and price of aviation fuel
- Aviation safety and security concerns
- Capacity of the national air traffic control system
- Capacity of the Airport

3.2.1 Economic and Political Conditions

Historically, airline passenger traffic nationwide has correlated closely with the state of the U.S. economy and levels of real disposable income. As illustrated in Figure 7, recession in the U.S. economy in 2001 and 2008-2009 and associated high unemployment reduced discretionary income and contributed to reduced airline travel demand in those years.

Figure 7
HISTORICAL ENPLANED PASSENGERS ON U.S. AIRLINES



Note: Data shown are 12-month moving averages of monthly domestic and international enplaned passengers.
Shaded areas indicate national economic recessions as determined by the National Bureau of Economic Research.

Source: U.S. Department of Transportation, Schedule T100, DOT Analyser, accessed April 2015.

With the globalization of business and the increased importance of international trade and tourism, 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 all influence passenger traffic at major U.S. airports. Sustained future increases in passenger traffic at the Airport will depend on stable international conditions as well as national and global economic growth.

3.2.2 Financial Health of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investments to provide service.

As a result of the 2001 economic recession, the disruption of the airline industry that followed the September 2001 attacks, increased fuel and other operating costs, and price competition, the industry experienced huge financial losses. In 2001 through 2005, the major U.S. passenger airlines collectively recorded net losses of approximately $61 billion. To mitigate those losses, all of the major network airlines restructured their route networks and flight schedules and reached agreement with their employees, lessors, vendors, and creditors to cut costs, either under Chapter 11 bankruptcy protection or the possibility of such. Between 2002 and 2005, Delta Air Lines, Northwest Airlines, United Airlines, and US Airways all filed for bankruptcy protection and restructured their operations.

In 2006 and 2007, the U.S. passenger airline industry as a whole was profitable, recording net income of approximately $23 billion, but in 2008, as oil and aviation fuel prices increased to unprecedented levels, the industry experienced a profitability crisis. In 2008 and 2009, the U.S. passenger airline industry recorded net losses of approximately $27 billion. The industry responded by, among other actions, grounding less fuel-efficient aircraft, eliminating unprofitable routes and hubs, reducing seat capacity, and increasing airfares. Between 2007 and 2009, the U.S. passenger airlines collectively reduced domestic capacity (as measured by available seat-miles) by approximately 10%.

In 2010 through 2013, the U.S. passenger airline industry as a whole recorded net income of approximately $8 billion, in spite of sustained high fuel prices, by controlling capacity and nonfuel expenses, increasing airfares, recording high load factors, and increasing ancillary revenues. Over the four years 2009 to 2013, the airlines collectively increased domestic seat-mile capacity by an average of just 1.0% per year. American filed for bankruptcy protection in 2011.

Sustained industry profitability will depend on, among other factors, economic growth to support airline travel demand, continued capacity control to allow increased airfares, and stable fuel prices. Consolidation of the U.S. airline industry has resulted from the acquisition of Trans World by American (2001), the merger of US Airways and America West (2005), the merger of Delta and Northwest (2009), the merger of United and Continental (2009), the acquisition of AirTran by Southwest (2011), and the merger American and US Airways (2013). Such consolidation has resulted in four airlines (American, Delta, Southwest, and United) now accounting for approximately 84% of domestic capacity and is expected by airline industry analysts to contribute to industry profitability. However, any resumption of financial losses could cause U.S. airlines to seek bankruptcy protection or liquidate. The liquidation of any of the large network airlines would drastically affect airline service at certain connecting hub airports, present business opportunities for the remaining airlines, and change airline travel patterns nationwide.

3.2.3 Airline Service and Routes

Most large airports serve as gateways to their communities and as connecting points. The number of origin and destination passengers at an airport depends on the intrinsic attractiveness of the region as a business and leisure destination, the propensity of its residents to travel, and the airline fares and service provided. The number of connecting passengers, on the other hand, depends entirely on the airline service provided. As discussed in the earlier section, "Enplaned Passengers," most passengers at the Airport are originating their journeys rather than connecting between flights.

The large airlines have developed hub-and-spoke systems that allow them to offer high-frequency service in many city-pair markets. Because most connecting passengers have a choice of airlines and intermediate airports, connecting traffic at an airport depends on the route networks and flight schedules of the airlines serving that airport and competing hub airports. Since 2003, as the U.S. airline industry has consolidated, airline service has been or is being drastically reduced at many former connecting hub airports, including those serving St. Louis (American 2003-2005), Dallas-Fort Worth (Delta 2005), Pittsburgh (US Airways 2006-2008), Las Vegas (US Airways 2007-2010), Cincinnati (Delta 2009-2011), Memphis (Delta 2011-2013), and Cleveland (United 2014).

3.2.4 Airline Competition and Airfares

Airline fares have an important effect on passenger demand, particularly for relatively short trips for which the automobile and other travel modes are potential alternatives, and for price-sensitive "discretionary" travel. The price elasticity of demand for airline travel increases in weak economic conditions when the disposable income of potential airline travelers is reduced. Airfares are influenced by airline capacity and yield management; passenger demand; airline market presence; labor, fuel, and other airline operating costs; taxes, fees, and other charges assessed by governmental and airport agencies; and competitive factors. Future passenger numbers, both nationwide and at the Airport, will depend, in part, on the level of airfares.

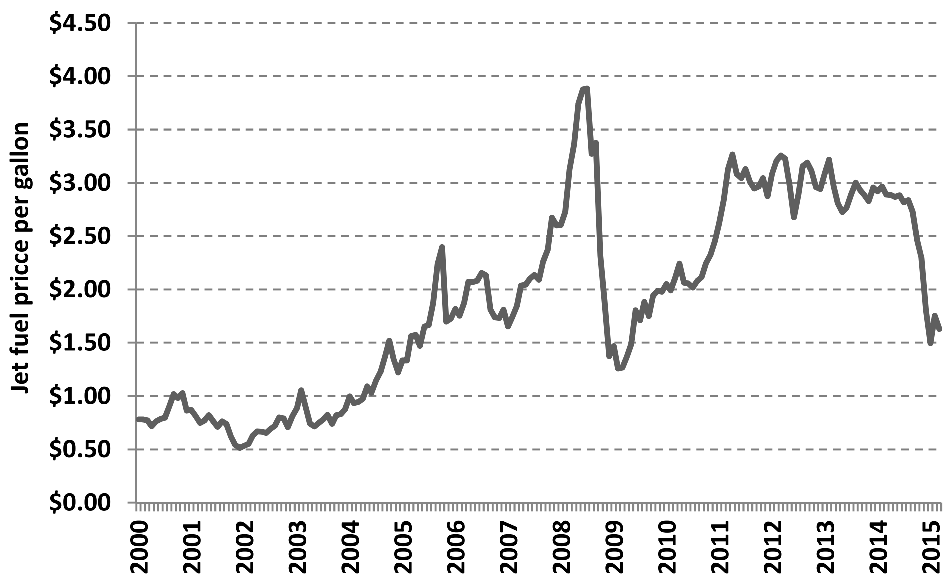
Overcapacity in the industry, the ability of consumers to compare airfares and book flights easily via the Internet, and other competitive factors combined to reduce airfares between 2000 and 2005. During that period, the average domestic yield for U.S. airlines decreased from 16.1 cents to 13.8 cents per passenger-mile. In 2006 through 2008, as airlines reduced capacity and were able to sustain fare increases, the average domestic yield increased to 15.9 cents per passenger-mile. In 2009, yields again decreased, but, beginning in 2010, as airline travel demand increased and seat capacity was restricted, yields increased to 17.5 cents per passenger-mile by 2013. Beginning in 2006, ancillary charges have been introduced by most airlines for services such as checked baggage, preferred seating, in-flight meals, and entertainment, thereby increasing the effective price of airline travel more than these yield figures indicate.

3.2.5 Availability and Price of Aviation Fuel

The price of aviation fuel is a critical and uncertain factor affecting airline operating economics. Fuel prices are particularly sensitive to worldwide political instability and economic uncertainty. Figure 8 shows the historical fluctuation in fuel prices since 2000. Beginning in 2003, fuel prices increased as a result of the invasion and occupation of Iraq; political unrest in other oil-producing countries; the growing economies of China, India, and other developing countries; and other factors influencing the demand for and supply of oil. By mid-2008, average fuel prices were three times higher than they were in mid-2004 and represented the largest airline operating expense, accounting for between 30% and 40% of expenses for most airlines. Fuel prices fell sharply in the second half of 2008 as demand declined worldwide, but have since increased as global demand has increased. Since early 2011, fuel prices have been relatively stable, partly as a result of increased supply from U.S. domestic production, although political instability and conflicts in North Africa and the Middle East have contributed to volatility. As of mid-2014, average aviation fuel prices were approximately three times the prices prevailing at the end of 2003.

Figure 8

HISTORICAL AVIATION FUEL PRICES



Source: U.S. Department of Energy, Energy Information Administration, www.eia.gov, accessed April 2015.

Since mid-2014, oil prices have decreased more than 50%, from $106 per barrel in June 2014 to less than $50 per barrel in March 2015, according to the U.S. Energy Information Administration. The recent decrease in prices reflects continued growth in U.S. oil production, strong global supply, and weakening outlooks for the global economy and oil demand growth.

Airline industry analysts hold differing views on how oil and aviation fuel prices may change in the near term. The 50% decrease in oil prices since June 2014 has increased the level of price uncertainty. The U.S. Energy Information Administration forecasts oil prices to remain below $100 per barrel in the short-term, with forecasts of $54 in 2015 and $70 in 2016. However, there is widespread agreement that fuel prices are likely to remain high relative to historical levels and to increase over the long term as global energy demand increases in the face of finite and increasingly expensive oil supplies.

Aviation fuel prices will continue to affect airfares, passenger numbers, airline profitability, and the ability of airlines to provide service. Airline operating economics will also be affected as regulatory costs are imposed on the airline industry as part of efforts to reduce aircraft emissions contributing to global climate change.

3.2.6 Aviation Safety and Security Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions influence passenger travel behavior and airline travel demand. Anxieties about the safety of flying and the inconveniences and delays associated with security screening procedures lead to both the avoidance of travel and the switching from air to surface modes of transportation for short trips. Public health and safety concerns have also affected airline travel demand from time to time.

Safety concerns in the aftermath of the September 2001 attacks were largely responsible for the steep decline in airline travel nationwide in 2002. Since 2001, government agencies, airlines, and airport operators have upgraded security measures to guard against changing threats and maintain confidence in the safety of airline travel. These measures include strengthened aircraft cockpit doors, changed flight crew procedures, increased presence of armed sky marshals, federalization of airport security functions under the Transportation Security Administration (TSA), more effective dissemination of information about threats, more intensive screening of passengers and baggage, and deployment of new screening technologies.

Historically, airline travel demand has recovered after temporary decreases stemming from terrorist attacks or threats, hijackings, aircraft crashes, public health and safety concerns, and international hostilities. Provided that precautions by government agencies, airlines, and airport operators serve to maintain confidence in the safety of commercial aviation without imposing unacceptable inconveniences for airline travelers, it can be expected that future demand for airline travel at the Airport will depend primarily on economic, not safety or security, factors.

3.2.7 Capacity of the National Air Traffic Control System

Demands on the national air traffic control system have, in the past, caused delays and operational restrictions affecting airline schedules and passenger traffic. The FAA is gradually implementing its Next Generation Air Transport System (NextGen) air traffic management programs to modernize and automate the guidance and communications equipment of the air traffic control system and enhance the use of airspace and runways through improved air navigation aids and procedures. Since 2007, airline traffic delays have decreased as a result of reduced numbers of aircraft operations, but, as airline travel increases in the future, flight delays and restrictions may be expected.

Airport management and the FAA recently completed a study that will result in the implementation of certain NextGen technologies for flight arrivals and departures at the Airport. According to the City, the proposed changes will change flight arrival and departure patterns at the Airport, resulting in reduced aircraft fuel costs.

3.2.8 Capacity of the Airport

In addition to any future constraints that may be imposed by the capacity of the national air traffic control system, future growth in airline traffic at Boise Airport may depend on the provision of increased capacity at the Airport itself. The Airport's existing two-runway layout provides significant airfield capacity. Additionally, areas are reserved for a third runway, with accompanying long-term development plans to add gates to existing concourses and on new concourses. These plans indicate that forecast growth in airline traffic at the Airport will not be constrained by airfield or terminal capacity. The forecast is conditioned on the assumption that, during the forecast period, neither available airfield or terminal capacity, nor demand management initiatives, will constrain traffic growth at the Airport.

3.3 AIRLINE TRAFFIC FORECASTS

Forecasts of enplaned passengers and landed weight at the Airport were developed taking into account analyses of the economic basis for airline traffic, analyses of historical airline traffic, and an assessment of the key factors that may affect future airline traffic, as discussed in earlier sections. In general, it was assumed that, in the long term, changes in airline traffic at the Airport will occur largely as a function of growth in the population and economy of the Boise MSA and changes in airline service. It was also assumed that continued development of airline service at the Airport will not be constrained by the availability of aviation fuel, long-term limitations in airline aircraft fleet capacity, limitations in the capacity of the air traffic control system or the Airport, or government policies or actions that restrict growth. Also considered were recent and potential developments in the national economy and in the air transportation industry as they have affected or may affect airline traffic at the Airport.

3.3.1 Assumptions Underlying the Forecasts

From FY 2015 through FY 2021, passenger numbers at the Airport are forecast to increase gradually on the basis of the following assumptions:

- The U.S. economy will recover from the recession and sustained GDP growth will average between 2.0% and 2.5% per year.
- The economy of the Airport service region will increase at a rate comparable to that of the United States as a whole.
- There will be no major disruption of airline service or airline travel behavior as a result of international hostilities or terrorist acts or threats.
- The Airport will continue to be primarily an origin-destination airport and the small percentage of passengers connecting at the Airport will not change materially.
- Downward pressure on aviation fuel prices will continue in 2015 and 2016, with fuel prices returning to levels that are historically high but lower than the record prices reached in mid-2008.
- Competition among the airlines serving the Airport will ensure the continued availability of competitive airfares.

Forecasts of enplaned passengers and landed weight were developed for the Airport, as presented in Table 14 and on Figure 9.

Table 14

AIRLINE TRAFFIC FORECASTS

Boise Airport

FY 2013–FY 2021

The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

	Historical		Estimated	Forecast						CAGR
	FY 2013	FY 2014	FY 2015*(a)*	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2015-FY 2021
Enplaned passengers										
Mainline airlines	326,030	361,404	318,000	321,000	324,000	327,000	331,000	334,000	337,000	1.0%
Regional airlines	616,002	638,510	768,000	783,000	799,000	815,000	831,000	847,000	863,000	2.0%
Low cost carriers	364,516	348,075	350,000	354,000	357,000	361,000	364,000	368,000	372,000	1.0%
Total enplaned passengers	1,306,548	1,347,989	1,436,000	1,458,000	1,480,000	1,503,000	1,526,000	1,549,000	1,572,000	1.5%
Annual percent increase (decrease)	--%	3.2%	6.5%	1.5%	1.5%	1.6%	1.5%	1.5%	1.5%	
Landed weight (1,000 pound units)										
Passenger airlines										
Mainline airlines	424,126	460,381	446,338	432,123	434,822	437,538	440,272	443,023	445,793	(0.0%)
Regional airlines	657,211	712,051	812,452	831,294	830,249	828,800	827,354	825,913	824,475	0.3%
Low cost carriers	453,980	422,476	423,767	426,437	429,036	431,652	434,284	436,934	439,601	0.6%
Subtotal passenger airlines	1,535,317	1,594,908	1,682,557	1,689,854	1,694,106	1,697,989	1,701,911	1,705,870	1,709,869	0.3%
All-cargo airlines	350,595	358,848	355,747	362,862	370,119	377,521	385,072	392,773	400,629	2.0%
Total landed weight	1,885,912	1,953,756	2,038,303	2,052,715	2,064,225	2,075,511	2,086,982	2,098,644	2,110,497	0.6%
Annual percent increase (decrease)	--%	3.6%	4.3%	0.7%	0.6%	0.5%	0.6%	0.6%	0.6%	

Note: For Fiscal Years ending September 30.
CAGR = Compound annual growth rate

(a) Estimated based on 8 months of actual data (October 2014 through May 2015).

Sources: Historical: Boise Airport records.
Estimated and Forecast: LeighFisher, May 2015.

3.3.2 Forecast of Enplaned Passengers

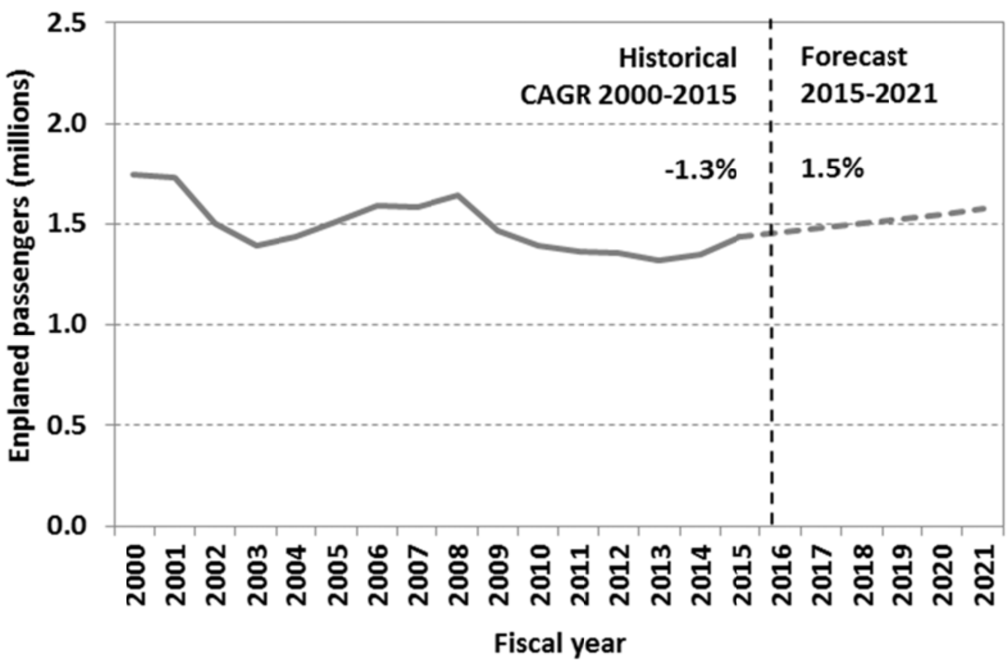
In FY 2015, the numbers of enplaned passengers at the Airport are estimated to total 1.4 million, a 6.5% increase from the FY 2014 number, reflecting actual data for the first 8 months of FY 2015 (October 2014 through May 2015) and published flight schedules for the Airport.

From FY 2015 through FY 2021, the numbers of passengers enplaned at the Airport are forecast to increase an average of 1.5% per year, reaching approximately 1.6 million in FY 2021, as shown on Figure 9 and Table 15. In its most recent *Terminal Area Forecast* for the Airport (published February 2015), the FAA forecasts an average annual increase of 2.5% in the number of enplaned passengers over the same period.

Figure 9

HISTORICAL AND FORECAST ENPLANED PASSENGERS

Boise Airport



Note: The forecasts presented in this table were prepared using the information and assumptions given in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.
Fiscal years ended September 30.
CAGR = Compound annual growth rate

Sources: Historical—Boise Airport records.
Estimated and Forecast—LeighFisher, May 2015.

3.3.3 Landed Weight

In FY 2015, aircraft landed weight at the Airport is estimated to total 2.1 million 1,000-pound units, a 4.3% increase from the FY 2014 number, reflecting actual data for the first 7 months of FY 2015 (October 2014 through May 2015).

From FY 2015 through FY 2021, aircraft landed weight at the Airport is forecast to increase an average of 0.6% per year to 2.1 million 1,000-pound units in FY 2021. The forecast rate of growth in landed weight (0.6% per year on average) is lower than that for enplaned passengers, reflecting an assumed gradual increase in the enplaned passenger load factors at the Airport.

4. FINANCIAL FRAMEWORK

The City of Boise City, Idaho owns, and through the City's Airport Commission oversees the administration and operation of, the Airport. The City operates the Airport as an economically self-supporting enterprise fund and the City's budgets for the Airport are prepared on a full accrual basis. The City funds Airport operations and Capital Improvements with revenues generated from airline payments and other Revenues, Passenger Facility Charge (PFC) revenues, bond proceeds, and federal grants-in-aid. According to the City, it maintains the financial records for the Airport in accordance with generally accepted accounting principles as they apply to enterprise funds.

4.1 TRUST INDENTURES

4.1.1 Senior Trust Indentures

The outstanding Series 2011 Bonds were issued in accordance with the Trust Indenture adopted by the City as Issuer and BNY Mellon as Trustee in 2011. The Series 2012 Bonds were issued in accordance with the Trust Indenture adopted by the City as Issuer and BNY Mellon as Trustee in 2012. The Indentures specify requirements for the financial operations of the Airport, including the Covenant to Maintain Airport Rates and Charges and Conditions for Issuing Additional Senior Obligations, as described later in this chapter. The Series 2011 Bonds and Series 2012 bonds were issued with a parity pledge of and lien on Net Revenues*. The Series 2011 Bonds have an additional pledge of PFC Revenues. No PFC Revenues were pledged for the Series 2012 Bonds. Collectively the Trust Indentures for the Series 2011 Bonds and Series 2012 Bonds are referred to as the Senior Trust Indentures.

4.1.2 Subordinate Trust Indenture

The proposed Subordinate Series 2015 Bonds are to be issued in accordance with the Trust Indenture to be adopted by the City as Issuer and Zions First National Bank as Trustee prior to the issuance of the proposed Subordinate Series 2015 Bonds (Subordinate Trust Indenture). The Indenture specifies requirements for the financial operations of the Airport, including the Covenant to Maintain Airport Rates and Charges and Conditions for Issuing Additional Subordinate Obligations, as described later in this chapter. Under the provisions of the Subordinate Trust Indenture, the proposed Subordinate Series 2015 Bonds are to be issued with a pledge of and lien on Subordinate Net Revenues**. Collectively, the Senior Trust Indentures and Subordinate Trust Indenture are collectively referred to as the Trust Indentures.

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*Net Revenues means the Revenues of the City's airport facilities and properties less Operation and Maintenance Expenses for those facilities and properties.

**Subordinate Net Revenues means the Revenues of the City's airport facilities and properties plus any PFC Revenues pledged to the Senior or Subordinate Bonds less Operation and Maintenance Expenses for those facilities and properties, Debt Service Requirements for the Senior Bonds, and Reserve Requirements on the Senior Bonds.

4.1.3 Application of Revenues to Funds and Accounts

The Trust Indentures establish certain funds and accounts and the priority for the flow of Revenues to such funds and accounts, as illustrated on Figure 10. All Revenues are applied to funds and accounts in the following order of priority:

1. *Airport Enterprise Fund.* All Revenues are deposited into the City's Airport Enterprise Fund. Operation and Maintenance Expenses are paid out of the Airport Enterprise Fund**.**

2. *Senior Bond Funds.* The City shall deposit into the Bond Funds for each series of Senior Bonds the Net Revenues required for the payment of the Debt Service Requirements on all outstanding obligations. In addition to a pledge of Net Revenues, those PFC revenues pledged for the payment of Debt Service are also deposited to the Series 2011 Bond Fund. The Series 2012 Bond Fund is to be funded by Net Revenues on a parity basis with the Series 2011 Bond Fund.

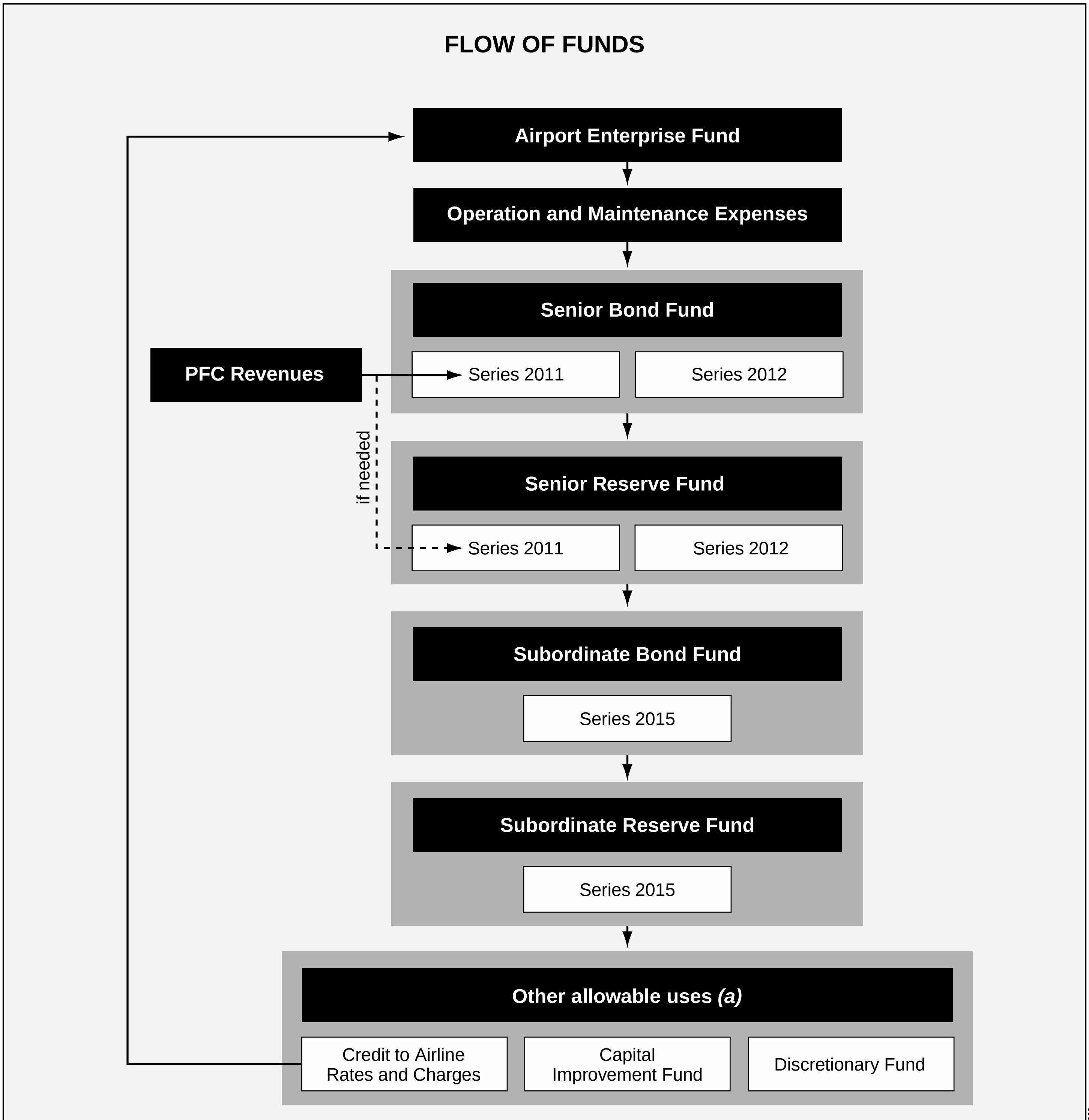
   If, three (3) business days prior to any due date for a principal or interest payment, sufficient monies are not deposited in the applicable Senior Bond Funds, the City shall use monies available in the applicable Senior Reserve Fund.

3. *Senior Reserve Fund.* The City shall deposit amounts necessary to meet the Senior Reserve Requirement, which means for each series of Senior Bonds secured by the individual Senior Reserve Fund accounts the lesser of (i) 125% of the average annual Debt Service, (ii) maximum annual Debt Service Requirements, or (iii) 10% of the aggregate principal amount of each series of Senior Bonds.

4. *Subordinate Bond Funds.* The City shall deposit into the Subordinate Bond Funds for each series of Subordinate Bonds the Subordinate Net Revenues required for the payment of the Debt Service Requirements on all outstanding obligations.

   If, three (3) business days prior to any due date for a principal or interest payment, sufficient monies are not deposited in the applicable Subordinate Bond Funds, the City shall use monies available in the applicable Subordinate Reserve Fund.

5. *Subordinate Reserve Fund.* The City shall deposit amounts necessary to meet the Subordinate Reserve Requirement, which means for each series of Subordinate Bonds secured by the individual Subordinate Reserve Fund accounts the lesser of (i) 125% of the average annual Debt Service, (ii) maximum annual Debt Service Requirements, or (iii) 10% of the aggregate principal amount of each series of Subordinate Bonds.



(a) Established under the Airline Use and Lease Agreements.

Figure 10

FLOW OF FUNDS UNDER THE INDENTURES AND AIRLINE USE AND LEASE AGREEMENTS

City of Boise, Idaho
June 2015

LeighFisher

In addition to the funds listed above, the Trust Indentures establish Rebate Funds into which shall be deposited, at the written direction of the City delivered to the Trustee, all excess earnings on funds and accounts held by the Trustee hereunder to the extent required by the Tax Certificate 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.

In addition to the funds outlined above as established in the Indenture, the Airline Use and Lease Agreement (the Airline Agreement) establishes the Capital Improvement Fund and the Discretionary Fund. Monies in the Capital Improvement Fund are to be used on a priority basis for terminal and airfield capital and equipment projects, but can also be used for parking and environmental projects. Projects funded from the Capital Improvement Fund are not depreciated or charged to the operating budget. Monies in the Discretionary Fund may be used for any lawful purpose and use that are not subject to Signatory Airline approval.

According to the Airline Agreement, funds are to be applied in the following manner:

1. *Capital Improvement Fund.* The Capital Improvement Fund receives contributions from nonairline revenues in the Terminal Building and net revenues from the Parking and Airport Road Area cost center of the Airport.

   The first $1,000,000 of net revenues from the Parking and Airport Road Area cost center and $900,000 of nonairline revenues from the Terminal Building cost center are to be used as a credit to airline rates and charges. Of the remaining net revenues from the Parking and Airport Road Area and nonairline revenues in the Terminal Building, 50% are to be used as a credit to airline rates and charges (as described later in Section 4.2.3) and 50% are to be deposited into the Capital Improvement Fund.

2. *Discretionary Fund*. The Discretionary Fund receives contributions from the net income of the Airport Business Center and Corporate Sponsorship Program and net nonairline revenues from cost centers other than the Terminal Building, Parking and Airport Road Area, and Airfield Area cost centers.

4.1.4 Covenants to Maintain Airport Rates and Charges under Senior Trust Indentures

Under Section 8.14 of the Senior Trust Indenture, the City covenants that it will maintain rates and charges at the Airport as follows:

1. **Rates and Charges.** Rates and charges for services rendered or space used at the City's Airport facilities and properties shall be reasonable and just, taking into account the cost and value of the City's Airport facilities and properties, Operation and Maintenance Expenses, any possible delinquencies, allowances for depreciation, contingencies, and amounts necessary to meet all Debt Service Requirements. These rates and charges shall be sufficient to produce Net

Revenues at least equal to 125% of the Senior Debt Service Requirements* for the applicable Fiscal Year.

2. **Levy of Rates and Charges.** Prior to the issuance of any additional obligations, the City will establish and levy the required rates and charges and may not reduce these rates and charges unless:

   a. The City has certified its compliance with the Indenture for at least one Fiscal Year immediately preceding the reduction,

   and

   b. Either of the following:

      i. Audits for the full Fiscal Year immediately preceding the reduction disclose that the estimated Net Revenues resulting from such a reduction would be sufficient to meet the requirements outlined in the Rates and Charges paragraph above,

      or

      ii. The reduction is in accordance with the City's agreements with the airlines serving the Airport, provided that no such reduction will be permitted unless the requirements of the Rates and Charges paragraph above are met.

4.1.5 Covenants to Maintain Airport Rates and Charges under Subordinate Trust Indenture

Under Section 8.14 of the Subordinate Trust Indenture, the City covenants that it will maintain rates and charges at the Airport as follows:

1. **Rates and Charges.** Rates and charges for services rendered or space used at the City's Airport facilities and properties shall be reasonable and just, taking into account the cost and value of the City's Airport facilities and properties, Operation and Maintenance Expenses, any possible delinquencies, allowances for depreciation, contingencies, and amounts necessary to meet all Debt Service Requirements. These rates and charges shall be sufficient to produce Net Revenues at least equal to 115% of the aggregate Senior Debt Service

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*Senior Debt Service Requirements means the sum of the amount required to pay principal, interest, and any Policy Costs on any Outstanding obligations payable from Net Revenues. Passenger Facility Charge (PFC) revenues are committed to paying Debt Service on the Series 2011 Bonds.

Requirements and Subordinate Debt Service Requirements* for the applicable Fiscal Year.

2. **Levy of Rates and Charges.** Prior to the issuance of any additional obligations, the City will establish and levy the required rates and charges and may not reduce these rates and charges unless:

    a. The City has certified its compliance with the Subordinate Trust Indenture for at least one Fiscal Year immediately preceding the reduction,

    and

    b. Either of the following:

        i. Audits for the full Fiscal Year immediately preceding the reduction disclose that the estimated Net Revenues resulting from such a reduction would be sufficient to meet the requirements outlined in the Rates and Charges paragraph above,

        or

        ii. The reduction is in accordance with the City's agreements with the airlines serving the Airport, provided that no such reduction will be permitted unless the requirements of the Rates and Charges paragraph above are met.

4.1.6 Conditions for Issuing Additional Senior Obligations Secured by Net Revenues

The Senior Trust Indenture allows for the issuance of obligations in addition to the outstanding Series 2011 Bonds and Series 2012 Bonds, provided that certain conditions are met. Section 2.11 of the Senior Trust Indenture specifies certain conditions that must be met before additional obligations secured by Net Revenues are issued. These conditions require, among other things, that:

1. The City is not and has not been in default of the Indenture during the prior Fiscal Year, that the balance in the applicable reserve accounts in the Senior Reserve Fund is at least equal to the Senior Reserve Requirement and that Net Revenues are sufficient to conclusively determine the right of the City to issue additional obligations, and the City has been in compliance with the Covenant to Maintain Rates and Charges under the Senior Trust Indenture for at least the preceding twelve (12) months,

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*Subordinate Debt Service Requirements means the sum of the amount required to pay principal, interest, and any Policy Costs on any Outstanding Subordinate Lien obligations payable from Subordinate Net Revenues.

2. Either of the following:

    a. A Consultant's Report stating either that: (1) in the Consultant's estimate, the Covenant to Maintain Airport System Rates and Charges under the Senior Trust Indenture will be satisfied for each Fiscal Year commencing with (and including) the Fiscal Year preceding the date of the Indenture and ending with the fifth Fiscal Year following the completion of the proposed project at the Airport, or (2) the Covenant to Maintain Airport Rates and Charges under the Senior Trust Indenture would have been satisfied in the Fiscal Year immediately preceding adoption of the Indenture on both the Outstanding obligations and on the proposed obligations,

    or

    b. The City certifies that the Net Revenues derived from the operation of the Airport for the fiscal year immediately preceding the date of any document authorizing the issuance of any such parity lien Bonds shall have been sufficient to meet the Covenant to Maintain Airport Rates and Charges under the Senior Trust Indenture for both any Outstanding obligations and the Bonds proposed to be issued,

and

3. The Senior Reserve Requirements shall be met for each issuance of additional Senior Bonds.

4.1.7 Conditions for Issuing Additional Subordinate Obligations Secured by Subordinate Net Revenues

The Subordinate Trust Indenture allows for the issuance of obligations in addition to the proposed Subordinate Series 2015 Bonds, provided that certain conditions are met. Section 2.11 of the Subordinate Trust Indenture specifies certain conditions that must be met before additional obligations secured by Subordinate Net Revenues are issued. These conditions require, among other things, that:

1. The City is not and has not been in default of the Indenture during the prior Fiscal Year, that the balance in the applicable reserve accounts in the Subordinate Reserve Fund is at least equal to the Subordinate Reserve Requirement and that Subordinate Net Revenues are sufficient to conclusively determine the right of the City to issue additional obligations, and the City has been in compliance with the Covenant to Maintain Rates and Charges under the Subordinate Trust Indenture for at least the preceding twelve (12) months,

2. Either of the following:

    a. A Consultant's Report stating either that: (1) in the Consultant's estimate, the Covenant to Maintain Airport System Rates and Charges under the Subordinate Trust Indenture will be satisfied for each Fiscal Year commencing with (and including) the Fiscal Year preceding the date of the Indenture and ending with the fifth Fiscal Year following the completion of the proposed project at the Airport, or (2) the Covenant to Maintain Airport Rates and Charges under the Subordinate Trust Indenture would have been satisfied in the Fiscal Year immediately preceding adoption of the Indenture on both the Outstanding obligations and on the proposed obligations,

or

b. The City certifies that the Net Revenues derived from the operation of the Airport for the fiscal year immediately preceding the date of any document authorizing the issuance of any such parity lien Subordinate Bonds shall have been sufficient to meet the Covenant to Maintain Airport Rates and Charges under the Subordinate Trust Indenture for both any Outstanding obligations and the Subordinate Bonds proposed to be issued,

and

3. The Subordinate Reserve Requirement shall be met for each issuance of additional Subordinate Bonds.

4.2 THE AIRLINE AGREEMENT

The City has entered into an agreement with the following passenger airlines serving the Airport (collectively, the Signatory Airlines):

Passenger airlines
Delta Air Lines
Horizon Air
Southwest Airlines
United Airlines
US Airways

The term of the Airline Agreement extends through September 30, 2015. They City has been negotiating the provisions of the new Airline Agreement with the Signatory Airlines and expects that the future airline agreements to be effective in FY 2016 will have provisions similar to those in the existing Airline Agreements.

In addition, certain all-cargo carriers that lease or sublease space at the Airport are considered to be signatory carriers, although they have not executed similar airline agreements. Cargo carriers that demonstrate that they rent land on-Airport, either directly from the City or through a sub-lease, are treated as signatory cargo airlines in determining landing fee rates. The landing fee for on-Airport cargo carriers is higher than that for signatory passenger airlines, but lower than the landing fee rate for nonsignatory airlines.

For purposes of the financial forecasts herein, the same rate methodology and terms were assumed going forward.

4.2.1 Majority-in-Interest Approval Process for Capital Expenditures

With certain exceptions, the Airline Agreement establishes procedures through which Signatory Airlines are notified and can provide input on capital expenditures for improvements and developments that are to be included in space rentals and landing fees charged for the use and/or occupancy of terminal and airfield facilities. A project is considered to be disapproved if a Majority-in-Interest (MII) of Signatory Airlines submits disapprovals. A Majority-in-Interest means at least 66 2/3% in number of the Signatory Airlines, representing at least 66 2/3% of Signatory Airline total landed weight for the most recent 12-month period for which landed weight data are available.

In the event that an MII disapproves a capital expenditure, the City may proceed with the expenditure as long as the project is deferred twenty one (21) months after the disapproval. No MII approvals are required for the Aircraft Maintenance Facilities Project as none of the costs will be included in the annual calculation of space rentals and landing fees.

4.2.2 Cost Centers

The Airline Agreement establishes provisions for the annual adjustment of space rentals and landing fees charged for the use and/or occupancy of terminal and airfield facilities. Under the Airline Agreement, five cost centers are established:

- Airfield
- Terminal
- Parking and Airport Roads
- Other
- Jetbridge

Any surplus or deficit associated with the Jetbridge cost center is included in the Terminal cost center. Therefore, financial information for the Jetbridge cost center is included in the Terminal cost center and not separately identified for purposes of this Report.

The City uses certain indirect cost centers for accounting purposes to allocate revenues and expenses to the cost centers defined in the Airline Agreement. Indirect cost centers include Administration, Fire Station, and Security. All expenses and revenues associated with these indirect cost centers are allocated to the cost centers as stipulated or specified in the Airline Agreement.

4.2.3 Calculation of Terminal Rental Rates and Landing Fees

As set forth in the Airline Agreement and described later in Chapter 5, the terminal rental rates and landing fee rates are based on cost center residual rate-making methodologies. Terminal rental rates are set based on a cost center residual methodology for the Terminal and Jetbridge cost center, with certain allowances for deposits to the Capital Improvement Fund. Landing fee rates are set on a cost center residual methodology for the Airfield Area and Parking and Airport Road Area cost centers, also with certain allowances for deposits to the Capital Improvement Fund.

4.3 PASSENGER FACILITY CHARGES

On August 1, 1994, the City received approval from the FAA to impose a PFC of $3 per eligible enplaned passenger at the Airport. Effective FY 2002, the City increased the PFC per eligible enplaned passenger to $4.50, with the FAA's approval. The City has received approval from the FAA to use a total of $109.9 million in PFC revenues for: (1) Debt Service related to PFC-approved project costs and (2) the payment of PFC-approved project costs on a pay-as-you-go basis. As stated in its Final Agency Decisions, the FAA approved the collection and use of $81,446,109 of PFC revenues for payment of Debt Service related to the terminal area renovation and expansion. The Series 2011 Bonds were issued in February 2011 to refund the City's Airport Revenue Certificates of Participation, Series 2000 (Series 2000 Certificates) in their entirety. The City amended its PFC approvals in 2012 to reflect savings in financing and interest costs realized with the refunding. With this amendment, the City estimates that its PFC collection authority will expire on September 1, 2015. The balances in the PFC account as of September 1, 2015 and interest earnings are anticipated to be sufficient to pay the remaining PFC-eligible Debt Service on the Series 2011 Bonds through FY 2020.

As mentioned earlier, PFC revenues are excluded from the definition of Revenues in the Indenture, but are pledged toward Debt Service for the Series 2011 Bonds, as shown on Figure 10.

Through March 31, 2015, PFC revenues received by the City, including investment earnings, totaled $106.9 million and $88.6 million has been expended on PFC-approved project costs. The City collects approximately $5.5 million in PFC revenues annually and has a PFC balance of approximately $18.3 million as of March 31, 2015.

5. FINANCIAL ANALYSIS

5.1 ESTIMATED AIRCRAFT MAINTENANCE FACILITIES PROJECT FINANCING

Exhibit A presents a summary of the 7-year CIP, including the funding sources of the Aircraft Maintenance Facilities Project, and Exhibit B presents a summary of the estimated sources and uses of funds for the Aircraft Maintenance Facilities Project, as provided by the City and Frasca & Associates, LLC., the City's financial advisors, and Raymond James, the City's underwriters, for this issuance.

5.1.1 Sources of Funds

The estimated sources of funds for the Aircraft Maintenance Facilities Project, as shown in Exhibit A are:

- Proceeds from the sale of the Subordinate Series 2015 Bonds
- City funds, including balances in the Discretionary Account

5.1.2 Uses of Funds

The estimated uses of funds for the Subordinate Series 2015 Bonds, as shown in Exhibit B, are:

- Estimated Aircraft Maintenance Facilities Project costs
- Deposit to the Reserve Fund
- Costs of issuance

5.2 DEBT SERVICE REQUIREMENTS

Exhibit C presents the annual Debt Service Requirements for the City on the Series 2011 Bonds, the Series 2012 Bonds, and the Series 2015 Bonds for FY 2012 through FY 2021.

Debt service on the Subordinate Series 2015 Bonds was provided by Frasca & Associates LLC, the City's financial advisors, and Raymond James, the City's underwriters, for the proposed Subordinate Series 2015 Bonds. The Subordinate Series 2015 Bonds are to be amortized over a 25-year period at an assumed all-in true interest cost of 4.62%.

5.2.1 Outstanding Bonds

The Series 2011 Bonds were issued in February 2011 in the aggregate amount of \$32,480,000 to refund the Series 2000 Certificates in their entirety. The City issued \$52,000,000 of Airport Revenue Certificates of Participation, Series 2000 to fund Airport terminal renovation projects, including demolition of portions of the old terminal building, the addition of approximately 256,000 square feet of terminal space, a new baggage handling system, improvements to the air carrier ramps and access roads, and improvements required to comply with the Americans with Disabilities Act of 1990. As of June 1, 2015, the Series 2011 Bonds were outstanding in the principal amount of \$22,150,000.

The Series 2012 Bonds were issued in December 2012 in the aggregate amount of $11,760,000 to fund the expansion of the Airport's existing parking structure. As of June 1, 2015 the Series 2012 Bonds were outstanding in the principal amount of $10,805,000.

5.2.2 Subordinate Series 2015 Bonds

The proceeds of the Subordinate Series 2015 Bonds are to be used to fund the costs of the Aircraft Maintenance Facilities Project. The assumptions regarding the Subordinate Series 2015 Bonds are provided in Table 15.

Table 15
DEBT SERVICE FOR THE SERIES 2015 BONDS

	Subordinate Series 2015
Principal amount	$12,225,000
Project Costs	$11,500,000
Bonds to be dated *(a)*	08/12/2015
Estimated all-in true interest cost	4.62%
First principal payment date	09/01/16
Final maturity	09/01/2040

(a) Interest begins to accrue as of the date indicated.

Source: Frasca & Associates, LLC, the City's financial advisors, and Raymond James, the City's underwriters, for the Subordinate Series 2015 Bonds, May 28, 2015.

Debt Service on the City's Outstanding and Subordinate Series 2015 Bonds was assumed to be allocated among cost centers, as defined in the Airline Agreements, in relation to the purpose of the projects funded with the net proceeds of the Bonds.

5.3 OPERATION AND MAINTENANCE EXPENSES

Exhibit D presents Operation and Maintenance Expenses for FY 2012 through FY 2021. Operation and Maintenance Expenses are shown by expense type and by cost center allocation. Data for FY 2012 through FY 2014 were obtained from the City's audited financial statements. Data for FY 2015 are unaudited estimates provided by the City, based on the average growth in Operation and Maintenance Expenses from FY 2012 through FY 2014. Operation and Maintenance Expenses include personal services, contractual service, supplies, materials, utilities, and depreciation expenses. Depreciation expenses are incurred for capital projects not funded through grants, Certificate proceeds, PFC revenues, CFC Revenues, contributions to the Capital Improvement Fund, or contributions to the Discretionary Fund.

Operation and Maintenance Expenses for the Airport are budgeted annually by City staff and subject to the approval of City Council. The standard practice of the City Council is to approve increases in Operation and Maintenance Expenses of no more than 3% annually. Increases to accommodate extraordinary expenses or additional facilities must be separately approved by City Council.

Operation and Maintenance Expenses other than Airport-funded depreciation are forecast to increase by approximately 1.7% through FY 2015, then by approximately 2.2% annually through FY 2021. The City does not expect any increase in annual Operation and Maintenance Expenses as a result of the Airfield Maintenance Facilities Project as those costs will be solely the responsibility of the tenant, SkyWest.

The allocation of Operation and Maintenance Expenses to cost centers shown in Exhibit D is based on the methodology in the Airline Agreements. Expenses for indirect cost centers are allocated to direct cost centers (Airfield Area, Terminal Building, Parking and Airport Road Area, and Other) as follows:

- *Security.* Expenses included in the Security cost center are allocated 20% to the Parking and Airport Road Area cost center, 30% to the Airfield Area cost center, and 50% to the Terminal Building cost center.

- *Fire Station.* Expenses included in the Fire Station cost center are allocated 100% to the Airfield Area cost center.

- *Administration.* Expenses included in the Administration cost center are allocated to the Airfield Area, Terminal Building, Parking and Airport Road Area, and Other cost centers based on their respective percentages of direct expenses.

5.4 REVENUES

Revenues, as defined previously, include airline terminal rental and landing fee payments, other airline revenues, and nonairline revenues from terminal concessions, including car rentals (rent and percentage fees but not CFC Revenues), parking, space rentals, general aviation activity, cargo facilities, and other revenues, including interest income. SkyWest ground lease and facility rentals for the Aircraft Maintenance Facilities Project are included as Revenues as further detailed in section 5.4.5.

Exhibit E presents Revenues for FY 2012 through FY 2014. Data for FY 2012 through FY 2014 were obtained from Airport records. Individual components of Revenues are forecast on the basis of actual financial results for FY 2012 through FY 2014. Airline revenue for FY 2015 is estimated based on year-to-date actuals, and non-airline revenues are budget estimates for FY 2015 with allowances for inflation as appropriate, and the provisions of leases and agreements between the City and the various tenants and users of the Airport. Revenues from sources related to numbers of passengers, such as concession revenues, are forecast to increase as a function of projected passenger traffic, as described in Section 3 of this report. The assumptions underlying the increases in individual components of Revenues are described in the following sections. Actual FY 2014 and forecast FY 2021 principal sources of Revenues are summarized in Table 16.

Table 16
REVENUES—FY 2014 AND FY 2021

Sources of Revenues	Actual FY 2014 Amount	Actual FY 2014 Percent of total	Forecast FY 2021 Amount	Forecast FY 2021 Percent of total
Airline revenue				
Landing fees	$ 2,782,573	10.7%	$ 3,917,000	13.0%
Terminal Building rentals	3,830,910	14.8	3,173,000	10.5
Total airline revenue	$ 6,613,483	25.5%	$ 7,090,000	23.5%
Nonairline revenue				
Airfield Area	$ 1,286,558	5.0%	$ 1,294,000	4.3%
Terminal Building *(a)*	6,354,016	24.5	7,393,000	24.4
Parking and Airport Road Area	8,306,750	32.1	9,212,000	30.5
Other	2,638,788	10.2	4,356,000	14.4
Miscellaneous	713,774	2.8	876,000	2.9
Total nonairline revenue	$19,299,886	74.5%	$23,121,000	76.5%
Total Revenues	$25,913,369	100.0%	$30,221,000	100.0%

Note: Revenues as defined in the Indenture do not include PFC revenues or CFC Revenues.

(a) Includes revenues from terminal concessions, space rentals, advertising, and car rentals.

Sources: Actual: Boise Airport records.
Forecast: LeighFisher, June 2015 (see Exhibit E).

5.4.1 Airline Revenues

The calculations of terminal rental revenues and landing fee revenues are presented in Exhibit E-2 and are based on the principles and procedures outlined in the Airline Agreement.

Landing Fee Revenues. The landing fee rate per 1,000 pounds of landed weight for Signatory Airlines at Boise Airport is determined by dividing: (1) the sum of (a) the direct and allocated indirect Operation and Maintenance Expenses to the Airfield cost center, and any applicable depreciation, (b) minus nonairline Airfield revenues, the first $1,000,000 of net revenues from the Parking and Airport Road cost center, and 50% of net revenues from the Parking and Airport Road cost center over $1,000,000,* by (2) the estimated Signatory Airline landed weight for the following Fiscal Year.

*Exhibit E-1 shows the allocation of Parking and Airport Road Area net revenue to the Airfield Area cost center and the Capital Improvement Fund.

Any shortfall or surplus in landing fee revenues is applied against the Airfield cost center in the following Fiscal Year. The landing fee rate for cargo airlines that lease facilities on-Airport, effectively the cargo signatory airlines, is higher than the rate for signatory passenger airlines and lower than the rate for nonsignatory airlines. These landing fee revenues are included in nonairline Airfield revenues for the purposes of rate calculation.

Terminal Building Rental Revenues. The Terminal Building rental rate per square foot per year at the Airport is calculated by dividing: (1) the sum of the direct and allocated indirect Operation and Maintenance Expenses to the Terminal Building cost center, any applicable depreciation, and Debt Service allocable to the Terminal Building cost center minus the first $900,000 of terminal nonairline revenues and 50% of terminal nonairline revenues over $900,000, by (2) the estimated airline rented square footage, including exclusive- and common-use space, in the following Fiscal Year. The airlines currently rent about 109,071 square feet of exclusive- and common-use terminal space, which was assumed to remain constant throughout the forecast period.

Any shortfall or surplus in terminal rental revenues is applied against the Terminal Building cost center in the following Fiscal Year.

5.4.2 Nonairline Terminal Revenues

The principal terminal concessions at the Airport are food and beverage, news and gifts, advertising, and rental cars (privilege fees and space rentals). Actual FY 2014 terminal concession revenues are presented in Table 17. As reflected in Exhibit E, the City also receives nonairline terminal rental revenue from these concessionaires.

Food and Beverage. In June 2014 the City approved a new Master Concessionaire agreement with Delaware North Company to provide Food and Beverage services in the Terminal. The term of the agreement with Delaware North Company extends to approximately FY 2024. Delaware North Company pays approximately 14.0% of gross revenues subject to a minimum annual guarantee.

News and Gifts. In June 2014 the City approved a new Master Concessionaire agreement with Paradies-Taters to provide News and Gifts concession offerings in the Terminal. The term of the agreement with Paradies-Taters extends to approximately FY 2024. Paradies-Taters pays approximately 16.5% of gross revenues subject to a minimum annual guarantee.

Throughout the forecast period, news and gift revenues are forecast to increase as a function of increases in enplaned passengers and inflation, subject to the minimum annual guarantee specified in the agreement.

Table 17
PRINCIPAL NONAIRLINE TERMINAL BUILDING REVENUES

	FY 2014		
	Revenue	Revenue per enplaned passenger	Percent of total
Food, beverage, news, and gifts	$1,328,249	$0.99	20.9%
Advertising	276,486	0.21	4.4
Rental cars	4,007,837	2.97	63.1
Other *(a)*	316,391	0.23	5.0
Terminal rentals *(b)*	425,053	n/a	6.7
Total	$6,354,016	$4.71	100.0%

(a) Includes revenues from telephones, vending machines, and miscellaneous revenues.
(b) Nonairline terminal rentals are not appropriately measured on a per passenger basis.

Source: Airport records.

Advertising. The City receives revenues pursuant to an advertising concession agreement with Lamar that extends to approximately FY 2020. As set forth in the agreement, Lamar pays the City 50% of gross revenues derived from advertising, subject to minimum annual payments of $275,000.

Rental Cars. The City has executed an Automobile Rental Concession Agreement (the Automobile Agreement) with seven companies to operate rental car concessions at the Airport (Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National, and Thrifty). Under the Automobile Agreements, the City receives privilege fees of 10% of gross revenues subject to a minimum annual guarantee, plus terminal rent and ground rentals. Rental car revenues are a function of passenger traffic, contract terms, and changes in the prices charged by the rental car companies. The term of the Automobile Agreement extends to FY 2021.

The forecasts of on-Airport rental car revenues to the City are based on terms and conditions of the Automobile Agreements and projected numbers of passengers.

5.4.3 Parking and Airport Road Area Revenues

As shown in Table 18, parking facilities at the Airport include a short-term surface lot, a 2,097 space parking garage, and a long-term surface lot.

Table 18
AIRPORT PUBLIC PARKING FACILITIES
As of July 2015

	Number of Spaces	Rates
Short-term parking		
Surface lots	337	$1.00 per half hour, $21.50 maximum per day
Long-term parking		
Parking garage	2,097	$1.00 per half hour, $11.50 maximum per day
Surface lots	445	$1.00 per half hour, $9.00 maximum per day
Subtotal	2,542	
Total	2,879	

Parking revenues are forecast to increase as the number of enplaned passengers increases. The City increased parking rates to their current levels on October 1, 2010, and does not intend to increase parking rates again during the forecast period.

Employees at the Airport pay for parking privileges on a monthly or annual basis in the specially designated employee parking lots. Employee parking revenues are forecast to increase with inflation. Rental car companies pay a per stall per month fee to approximately cover operation and maintenance expenses associated with the ready/return and vehicle storage areas they occupy at the Airport. For purposes of this report, it was assumed that the fees would remain at current levels through the forecast period and increase in relation to the number of spaces occupied.

5.4.4 Airfield Revenues

The City collects ramp fees paid for parking aircraft overnight, and jetway use fees from passenger and cargo airlines. Ramp fees were assumed to grow with passengers and jetway use fees were assumed to remain at their current levels through FY 2021. Landing fees paid by airlines other than the passenger airlines, including cargo, charter, and other airlines, are also included in nonairline revenues. Signatory cargo airlines pay landing fee rates higher than signatory passenger airlines and nonsignatory airlines pay even higher rates. Other sources of nonairline Airfield Area revenue include fuel flowage fees, National Guard fees, interest income, and other miscellaneous income.

5.4.5 Other Revenues

Revenues applied to the Other cost center include land rentals paid to the City for cargo, hangar, and other facilities located on-Airport. Revenues from the Other cost center also include fees and rentals paid to the City by businesses located off-Airport. Payments made to the City by the Chevron gas station located on-Airport are also applied to the Other cost center.

Revenues from the Aircraft Maintenance Facilities Project will accrue to the Other cost center. The Airport will be responsible for financing and purchasing the Hangar and then leasing the Hangar back to SkyWest. The Lease Agreement between SkyWest and the Airport is structured to have an initial 12-year term with a 13-year renewal option. Under the Lease Agreement between SkyWest and the Airport SkyWest will pay both a ground lease rate and a facility rate. The ground lease rate will be equal to $110,500 per year throughout the forecast period. The facility rate will be equal to the annual amortization (at an interest rate of 4.5%) of the $8,000,000 used from the Discretionary Fund (as agreed to in the Development Agreement between the Airport and SkyWest) plus the annual Debt Service payments made by the Airport for the Subordinate Series 2015 Bonds. The facility rate is estimated to average approximately $1,385,000 per year throughout the forecast period. Total revenues from the Aircraft Maintenance Facilities Project are forecasted to equal an average of $1,495,000 annually through FY 2040.

The primary risk for the Airport with regard to the Aircraft Maintenance Facilities Project is the continued ability of SkyWest to meet its rental obligations to the Airport. LeighFisher does not opine on the ability of SkyWest to make these rental payments in the future. For a full description of risk factors SkyWest's 2014 Annual Report should be read in its entirety.

Per SkyWest's 2014 Annual Report, its business model depends on contracts with larger, national airlines. At the Airport, SkyWest (comprised of SkyWest, SkyWest Airlines, and Express Jet) contracts with Delta and United Airlines. These agreements have the following expiration dates:

- SkyWest Airlines and Delta Connection Agreement – expires in 2022
- ExpressJet and Delta Connection Agreement – expires in 2020
- SkyWest Airlines and United Express Agreement – expires in 2024

As indicated by SkyWest in its Annual Report, the company's viability is dependent upon, among many other factors, the continuation of its agreements with United and Delta, many of which are scheduled to expire between 2020 and 2024. This risk is reflected in the Lease Agreement, with an initial 12-year term corresponding roughly to SkyWest's existing agreements, and a 13-year renewal option. If the renewal option is not exercised, SkyWest would pay the City any unamortized cost of the Facility as a lump sum payment.

5.5 PASSENGER FACILITY CHARGE REVENUES

As mentioned earlier, PFC revenues are excluded from the definition of Revenues in the Subordinate Trust Indenture. An average of 91% of enplaned passengers at the Airport paid a PFC between FY 2012 and FY 2014. The calculation of the percentage of enplaned passengers paying a PFC is based on total enplaned passengers at the Airport, even though certain classes of carriers are exempt from collecting a PFC from their passengers at the Airport.

In preparing the forecasts, it was assumed that the City will continue to impose a $4.50 PFC at the Airport through September 1, 2015 and that 90% of total enplaned passengers using the Airport will pay a PFC. After FY 2015, the City is forecast to use available PFC account balances to pay debt service on the Series 2011 Bonds. No PFC funds will be used to pay Debt Service on the Subordinate Series 2015 Bonds.

5.6 APPLICATION OF REVENUES

Exhibit F presents the forecasted application of Revenues under the Trust Indentures.

All Revenues are deposited in the Airport Fund and first applied to the payment of Operation and Maintenance Expenses. Net Revenues are then applied to Debt Service on a parity basis to the payment of the Series 2011 and Series 2012 Bonds. Pledged PFC revenues are also applied to Debt Service on the Series 2011 Bonds. Remaining Revenues are then applied to the Rebate Fund and Reserve Fund, if any, as required by the indentures for the Series 2011 and Series 2012 Bonds.

Remaining revenues after the foregoing deposits are then applied to Debt Service on the proposed Subordinate Series 2015 Bonds. Any remaining revenues after application to the proposed Subordinate Series 2015 Bonds are then available for other allowable uses, including deposits to the Capital Improvement and Discretionary funds, as described earlier in Section 4.1.3.

5.7 COMPLIANCE WITH COVENANTS TO MAINTAIN AIRPORT RATES AND CHARGES AND CONDITIONS FOR ISSUING ADDITIONAL OBLIGATIONS

As shown in Exhibit G, the City is forecast to be in compliance with the Covenants to Maintain Airport Rates and Charges as set forth in Section 8.14 of the Subordinate Trust Indenture and the respective indentures for the Series 2011 and 2012 Bonds. Net Revenues are forecast to equal or exceed 115% of the aggregate Debt Service Requirements for the Series 2011 and 2012 Bonds and the proposed Subordinate Series 2015 Bonds in each Fiscal Year of the forecast period.

For the requirements related to the parity pledge of Net Revenues for the Series 2011 Bonds and Series 2012 Bonds, only those PFC Revenues intended to be used by the City for the payment of Debt Service Requirements on the Series 2011 Bonds are included in the calculation. As the calculation demonstrates for the Series 2011 and Series 2012 Bonds, the Airport is in compliance with its covenant to maintain Debt Service Coverage in excess of 125% per the respective Series indenture.

Coverage for all Series of Debt is forecast to increase in FY 2021 due to the final payment on the Series 2011 Bonds.

Exhibit A

CAPITAL IMPROVEMENT PROGRAM FOR FY 2015 THROUGH FY 2021

City of Boise, Boise Airport

		Sources of funding						
		AIP funding						
	Estimated Project Cost	Entitlement	Discretionary	Total	Airport Cash	CFC	Future CFC Bonds	Proposed Series 2015 Bonds
Parking and Airport Road Area								
Rental car facility improvements	$ 9,000,000	$ -	$ -	$ -	$ -	$ 2,000,000	$ 7,000,000	$ -
Parking revenue control system	2,000,000	-	-	-	2,000,000	-	-	-
Rental car service facility	1,300,000	-	-	-	1,300,000	-	-	-
Rehab Terminal access road	723,812	677,812	-	677,812	46,000	-	-	-
Other parking and road projects	1,491,906	-	-	-	1,183,788	308,118	-	-
Subtotal	$ 14,515,718	$ 677,812	$ -	$ 677,812	$ 4,529,788	$ 2,308,118	$ 7,000,000	$ -
Terminal Building								
Baggage system upgrades/modifications - Phase 2	$ 8,400,000	$ -	$ 8,400,000	$ 8,400,000	$ -	$ -	$ -	$ -
Terminal building remodel	3,040,000	2,000,000	-	2,000,000	1,040,000	-	-	-
VALE (a)	2,199,000	-	2,048,437	2,048,437	150,563	-	-	-
Rotunda floor rehabilitation	1,200,000	-	-	-	1,200,000	-	-	-
Replace jet bridges	723,812	677,812	-	677,812	46,000	-	-	-
Other Terminal building projects	2,572,251	-	-	-	2,572,251	-	-	-
Subtotal	$ 18,135,063	$ 2,677,812	$ 10,448,437	$ 13,126,249	$ 5,008,814	$ -	$ -	$ -
				-				
Airfield				-				
Aircraft Maintenance Facility	$ 19,500,000	$ -	$ -	$ -	$ 8,000,000	$ -	$ -	$ 11,500,000
Taxiway pavement rehabilitation	7,925,000	7,429,687	-	7,429,687	495,313	-	-	-
Taxiway B extension	4,703,000	471,562	-	471,562	4,231,438	-	-	-
3rd Runway planning	4,572,999	3,006,250	-	3,006,250	1,566,749	-	-	-
Relocate State Aeronautics	2,600,000	-	-	-	2,600,000	-	-	-
Apron pavement rehabilitation	2,433,000	2,280,937	-	2,280,937	152,063	-	-	-
Taxiway K&J rehabilitation	2,170,299	2,034,656	-	2,034,656	135,643	-	-	-
GA pavement rehabilitation	800,000	-	-	-	800,000	-	-	-
Airfield sign rehabilitation	575,000	475,000	-	475,000	100,000	-	-	-
Other Airfield projects	542,859	367,859	-	367,859	175,000	-	-	-
Subtotal	$ 45,822,157	$ 16,065,951	$ -	$ 16,065,951	$ 18,256,206	$ -	$ -	$ 11,500,000
Administration								
Security system upgrade	$ 3,530,000	$ 3,309,375	$ -	$ 3,309,375	$ 220,625	$ -	$ -	$ -
Land acquisition	3,137,500	-	2,581,250	2,581,250	556,250	-	-	-
Master plan update - Phase 1	1,280,000	1,200,000	-	1,200,000	80,000	-	-	-
Master plan update - Phase 2	1,002,500	940,000	-	940,000	62,500	-	-	-
Infrastructure development	580,406	-	-	-	580,406	-	-	-
Economic development project	500,000	-	-	-	500,000	-	-	-
New cargo landside facility, design	500,000	-	-	-	500,000	-	-	-
Other Administration projects	365,000	-	-	-	365,000	-	-	-
Subtotal	$ 10,895,406	$ 5,449,375	$ 2,581,250	$ 8,030,625	$ 2,864,781	$ -	$ -	$ -
ARFF								
Remodel ARFF Station # 19	$ 962,000	$ 656,250	$ -	$ 656,250	$ 305,750	$ -	$ -	$ -
Total	$ 90,330,344	$ 25,527,200	$ 13,029,687	$ 38,556,887	$ 30,965,339	$ 2,308,118	$ 7,000,000	$ 11,500,000

(a) VALE includes Pre-Conditioned Air Units, GSE Charge station, and PC Air Units for Concourse C.

Exhibit B

ESTIMATED SUBORDINATE SERIES 2015 BONDS FINANCING
City of Boise, Boise Airport

		Airport Revenue Bonds, Series 2015
SOURCES OF FUNDS		
Par amount (a)	$	12,225,000
Reoffering Premium		452,696
	$	12,677,696
USES OF FUNDS		
Estimated 2015 Project costs (b)	$	11,500,000
Deposit to the Debt Service Reserve Fund		848,025
Underwriter's Discount		103,963
Cost of issuance		222,000
Additional Proceeds		3,707
	$	12,677,695

(a) Assuming a 25-year term and all-in true interest cost of 4.62% for the Series 2015 Bonds.
(b) See Exhibit A.

Source: Frasca & Associates, LLC., the City's financial advisors, and Raymond James, the City's underwriters for this transaction, May 28, 2015.

Exhibit C

DEBT SERVICE REQUIREMENTS
City of Boise, Boise Airport
For Fiscal Years ending September 30

	Historical (a)			Estimate (b)	Forecast					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
DEBT SERVICE REQUIREMENTS										
By Series										
Series 2011 Bonds	$ 4,420,488	$ 4,421,087	$ 4,422,087	$ 4,427,000	$ 4,425,000	$ 4,424,000	$ 4,425,000	$ 4,428,000	$ 4,426,000	$ -
Series 2012 Bonds	-	826,253	828,750	826,000	828,000	829,000	825,000	826,000	826,000	830,000
Proposed Subordinate Series 2015 Bonds (c)	-	.	-	-	843,000	846,000	847,000	843,000	846,000	843,000
Application of Pledged PFC Revenues (d)	(3,343,215)	(3,477,627)	(3,478,414)	(3,483,000)	(3,480,000)	(3,480,000)	(3,481,000)	(3,483,000)	(3,481,000)	-
Total	$ 1,077,273	$ 1,769,713	$ 1,772,423	$ 1,770,000	$ 2,616,000	$ 2,619,000	$ 2,616,000	$ 2,614,000	$ 2,617,000	$ 1,673,000
By Cost Center										
Parking and Airport Roads	$ -	$ 826,253	$ 828,750	$ 826,000	$ 828,000	$ 829,000	$ 825,000	$ 826,000	$ 826,000	$ 830,000
Terminal Building	1,077,273	943,460	943,673	944,000	945,000	944,000	944,000	945,000	945,000	-
Other	-	.	-	-	843,000	846,000	847,000	843,000	846,000	843,000
Total	$ 1,077,273	$ 1,769,713	$ 1,772,423	$ 1,770,000	$ 2,616,000	$ 2,619,000	$ 2,616,000	$ 2,614,000	$ 2,617,000	$ 1,673,000

(a) City of Boise financial statements and records for years noted.
(b) Estimates for years noted provided by City of Boise.
(c) Source: Frasca & Associates, LLC., the City's financial advisors, and Raymond James, the City's underwriters for this transaction, May 28, 2015.
(d) Pledged PFC Revenues applied to Series 2011 Bonds. No PFC Revenues pledged to the Series 2012 Bonds or the proposed Subordinate Series 2015 bonds.

Exhibit D

OPERATION AND MAINTENANCE EXPENSES
City of Boise, Boise Airport
For Fiscal Years ending September 30

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Historical (a)			Estimate (b)	Forecast					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
BY LINE ITEM										
Personnel Services	$ 5,991,243	$ 5,866,677	$ 5,965,644	$ 6,049,000	$ 6,162,000	$ 6,306,000	$ 6,454,000	$ 6,606,000	$ 6,761,000	$ 6,919,000
M&O Expenses	11,739,800	11,937,384	12,395,336	12,569,000	12,789,000	13,075,000	13,369,000	13,669,000	13,976,000	14,289,000
Depreciation Expense	3,094,032	3,157,638	3,069,124	3,112,000	3,159,000	3,222,000	3,286,000	3,352,000	3,419,000	3,488,000
Total (c)	$20,825,075	$20,961,699	$21,430,104	$21,730,000	$22,110,000	$22,603,000	$23,109,000	$23,627,000	$24,156,000	$24,696,000
BY COST CENTER										
Parking and Airport Road Area										
Direct	$ 1,682,129	$ 2,198,992	$ 1,551,358	$ 1,573,000	$ 1,606,000	$ 1,647,000	$ 1,690,000	$ 1,733,000	$ 1,778,000	$ 1,824,000
Allocated	1,273,032	1,330,033	1,276,374	1,404,000	1,426,000	1,454,000	1,484,000	1,514,000	1,544,000	1,575,000
Subtotal	$ 2,955,161	$ 3,529,025	$ 2,827,732	$ 2,977,000	$ 3,032,000	$ 3,101,000	$ 3,174,000	$ 3,247,000	$ 3,322,000	$ 3,399,000
Terminal Building										
Direct	$ 5,984,035	$ 5,614,104	$ 5,868,592	$ 5,951,000	$ 6,077,000	$ 6,236,000	$ 6,401,000	$ 6,569,000	$ 6,741,000	$ 6,917,000
Allocated	3,243,223	3,139,306	3,374,066	3,346,000	3,399,000	3,469,000	3,541,000	3,615,000	3,690,000	3,767,000
Subtotal	$ 9,227,258	$ 8,753,410	$ 9,242,658	$ 9,297,000	$ 9,476,000	$ 9,705,000	$ 9,942,000	$10,184,000	$10,431,000	$10,684,000
Airfield Area										
Direct	$ 1,988,416	$ 2,692,117	$ 2,625,252	$ 2,662,000	$ 2,708,000	$ 2,768,000	$ 2,828,000	$ 2,890,000	$ 2,953,000	$ 3,018,000
Allocated	4,297,379	4,252,881	4,634,855	4,645,000	4,712,000	4,803,000	4,896,000	4,991,000	5,088,000	5,186,000
Subtotal	$ 6,285,795	$ 6,944,998	$ 7,260,107	$ 7,307,000	$ 7,420,000	$ 7,571,000	$ 7,724,000	$ 7,881,000	$ 8,041,000	$ 8,204,000
Other										
Direct	$ 991,168	$ 987,431	$ 1,135,177	$ 1,151,000	$ 1,168,000	$ 1,192,000	$ 1,216,000	$ 1,240,000	$ 1,265,000	$ 1,290,000
Allocated	202,591	168,810	196,706	221,000	223,000	227,000	231,000	235,000	239,000	243,000
Subtotal	$ 1,193,759	$ 1,156,241	$ 1,331,883	$ 1,372,000	$ 1,391,000	$ 1,419,000	$ 1,447,000	$ 1,475,000	$ 1,504,000	$ 1,533,000
Administration										
Direct	$ 4,078,152	$ 3,111,232	$ 3,508,621	$ 3,558,000	$ 3,611,000	$ 3,683,000	$ 3,757,000	$ 3,832,000	$ 3,909,000	$ 3,987,000
Allocated	(3,589,037)	(3,151,261)	(3,387,677)	(3,482,000)	(3,534,000)	(3,604,000)	(3,676,000)	(3,749,000)	(3,824,000)	(3,900,000)
Subtotal	$ 489,115	$ (40,029)	$ 120,944	$ 76,000	$ 77,000	$ 79,000	$ 81,000	$ 83,000	$ 85,000	$ 87,000
Security										
Direct	$ 3,805,107	$ 3,983,964	$ 4,209,891	$ 4,269,000	$ 4,333,000	$ 4,420,000	$ 4,508,000	$ 4,598,000	$ 4,690,000	$ 4,784,000
Allocated	(3,152,917)	(3,383,119)	(3,590,217)	(3,594,000)	(3,648,000)	(3,721,000)	(3,795,000)	(3,871,000)	(3,948,000)	(4,027,000)
Subtotal	$ 652,190	$ 600,845	$ 619,674	$ 675,000	$ 685,000	$ 699,000	$ 713,000	$ 727,000	$ 742,000	$ 757,000
Fire Station										
Direct	$ 2,296,068	$ 2,373,859	$ 2,531,213	$ 2,567,000	$ 2,605,000	$ 2,657,000	$ 2,710,000	$ 2,765,000	$ 2,820,000	$ 2,876,000
Allocated	(2,274,271)	(2,356,650)	(2,504,107)	(2,540,000)	(2,578,000)	(2,629,000)	(2,681,000)	(2,735,000)	(2,789,000)	(2,844,000)
Subtotal	$ 21,797	$ 17,209	$ 27,106	$ 27,000	$ 27,000	$ 28,000	$ 29,000	$ 30,000	$ 31,000	$ 32,000
Total Expenses	$20,825,075	$20,961,699	$21,430,104	$21,731,000	$22,108,000	$22,602,000	$23,110,000	$23,627,000	$24,156,000	$24,696,000
Percentage increase	1.3%	0.7%	2.2%	1.4%	1.7%	2.2%	2.2%	2.2%	2.2%	2.2%

(a) City of Boise financial statements and records for years noted.
(b) Estimates and budget for years noted provided by City of Boise.
(c) The Airfield and Terminal cost centers include Inflight Kitchen expenses split evenly between personnel services and M&O expenses.

Exhibit E

REVENUES
City of Boise, Boise Airport
For Fiscal Years ending September 30

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Historical (a)			Estimate (b)	Forecast					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Parking and Airport Road Area										
Public parking	$ 7,113,111	$ 7,206,658	$ 7,860,452	$ 7,955,911	$ 8,078,000	$ 8,200,000	$ 8,327,000	$ 8,454,000	$ 8,581,000	$ 8,710,000
Employee parking	228,360	227,060	248,264	263,756	268,000	273,000	278,000	284,000	290,000	296,000
Taxi/hotel shuttles	130,498	131,182	138,047	127,848	130,000	132,000	134,000	136,000	138,000	140,000
Interest income	65,628	(1,529)	47,543	51,782	52,000	52,000	52,000	52,000	52,000	52,000
Miscellaneous	7,264	6,086	12,444	13,554	14,000	14,000	14,000	14,000	14,000	14,000
Subtotal	$ 7,689,005	$ 7,713,601	$ 8,306,750	$ 8,412,851	$ 8,542,000	$ 8,671,000	$ 8,805,000	$ 8,940,000	$ 9,075,000	$ 9,212,000
Terminal Building										
Airline terminal rentals	$ 3,572,320	$ 3,831,175	$ 3,830,910	$ 3,984,146	$ 3,820,000	$ 3,876,000	$ 3,932,000	$ 3,994,000	$ 4,054,000	$ 3,173,000
Car rental (excludes CFCs)	3,768,712	3,951,735	4,007,837	3,848,752	3,960,000	4,094,000	4,234,000	4,378,000	4,527,000	4,681,000
Concessions	1,203,264	1,289,434	1,328,249	1,184,586	1,505,000	1,530,000	1,556,000	1,582,000	1,608,000	1,634,000
Non-airline terminal rentals	378,205	398,817	425,053	381,987	388,000	396,000	404,000	412,000	420,000	428,000
Advertising	279,383	275,765	276,486	284,999	289,000	295,000	301,000	307,000	313,000	319,000
Jetway fees	96,060	95,480	104,857	96,000	96,000	96,000	96,000	96,000	96,000	96,000
Interest income	65,628	(1,529)	47,543	51,782	52,000	52,000	52,000	52,000	52,000	52,000
Miscellaneous	177,521	176,686	163,991	164,586	168,000	171,000	174,000	177,000	180,000	183,000
Subtotal	$ 9,541,093	$10,017,563	$ 10,184,926	$ 9,996,838	$10,278,000	$10,510,000	$10,749,000	$10,998,000	$11,250,000	$10,566,000
Airfield Area										
Airline landing fees	$ 2,462,248	$ 2,395,739	$ 2,782,573	$ 2,921,702	$ 3,328,000	$ 3,423,000	$ 3,516,000	$ 3,615,000	$ 3,716,000	$ 3,823,000
Freight/charter/other landing fees	700,977	745,475	770,545	704,105	799,000	820,000	840,000	862,000	884,000	905,000
Fuel flowage fees	191,446	184,313	170,551	191,445	194,000	198,000	202,000	206,000	210,000	214,000
Interest income	65,628	(1,529)	47,543	51,782	52,000	52,000	52,000	52,000	52,000	52,000
Miscellaneous	198,574	316,839	297,919	205,433	207,000	210,000	213,000	216,000	219,000	222,000
Subtotal	$ 3,618,873	$ 3,640,837	$ 4,069,131	$ 4,074,467	$ 4,580,000	$ 4,703,000	$ 4,823,000	$ 4,951,000	$ 5,081,000	$ 5,216,000
Other										
Industrial land rent	$ 1,696,982	$ 1,651,177	$ 1,661,276	$ 1,614,813	1,639,000	1,672,000	1,705,000	1,739,000	1,774,000	1,809,000
SkyWest Maintenance Facility and Ground Lease (c)	-	-	-	-	1,493,000	1,496,000	1,497,000	1,493,000	1,496,000	1,493,000
Inflight kitchen sales	390,472	418,116	386,310	363,600	369,000	376,000	384,000	392,000	400,000	408,000
Hangar rent	185,605	187,410	190,864	190,584	193,000	197,000	201,000	205,000	209,000	213,000
Airport gas station	177,874	187,898	173,389	183,917	187,000	191,000	195,000	199,000	203,000	207,000
Hotel rent	66,316	72,012	72,170	67,649	69,000	70,000	71,000	72,000	73,000	74,000
Inflight kitchen concessions	31,398	33,466	30,968	29,088	30,000	31,000	32,000	33,000	34,000	35,000
Interest income	65,628	(1,529)	47,543	51,782	52,000	52,000	52,000	52,000	52,000	52,000
Miscellaneous	65,464	14,128	76,268	58,740	60,000	61,000	62,000	63,000	64,000	65,000
Subtotal	$ 2,679,739	$ 2,562,678	$ 2,638,788	$ 2,560,173	$ 4,092,000	$ 4,146,000	$ 4,199,000	$ 4,248,000	$ 4,305,000	$ 4,356,000
Administration	93,065	50,971	70,014	76,257	77,000	79,000	81,000	83,000	85,000	87,000
Security	652,190	600,845	619,674	674,926	685,000	699,000	713,000	727,000	742,000	757,000
Fire Station	21,797	17,209	24,086	26,234	27,000	28,000	29,000	30,000	31,000	32,000
Total Revenues	$24,295,762	$24,603,704	$ 25,913,369	$ 25,821,745	$28,281,000	$28,836,000	$29,399,000	$29,977,000	$30,569,000	$30,226,000
Percentage change	-1.0%	1.3%	5.3%	-0.4%	9.5%	2.0%	2.0%	2.0%	2.0%	-1.1%
(a) City of Boise financial statements and records for years noted.			1,196,052	23,099,710						

(b) Estimates and budget for years noted provided by City of Boise.
(c) Includes Ground Lease revenue of $110,500 and Facility Rent equal to the sum of the annual debt service on the proposed Subordinate Series 2015 bonds and the annual amortization of the Discretionary Funds used to finance the SkyWest Maintenance Hangar Facility.

Exhibit E-1

PARKING AND AIRPORT ROAD AREA NET REVENUES
City of Boise, Boise Airport
For Fiscal Years ending September 30

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate (a)	Forecast					
	2015	2016	2017	2018	2019	2020	2021
Revenues							
Public parking	$ 7,955,911	$ 8,078,000	$ 8,200,000	$ 8,327,000	$ 8,454,000	$ 8,581,000	$ 8,710,000
Employee parking	263,756	268,000	273,000	278,000	284,000	290,000	296,000
Taxi/hotel shuttles	127,848	130,000	132,000	134,000	136,000	138,000	140,000
Interest income	51,782	52,000	52,000	52,000	52,000	52,000	52,000
Miscellaneous	13,554	14,000	14,000	14,000	14,000	14,000	14,000
Total	$ 8,412,851	$ 8,542,000	$ 8,671,000	$ 8,805,000	$ 8,940,000	$ 9,075,000	$ 9,212,000
Expenses							
Personnel services	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operations & maintenance	1,191,000	1,218,000	1,251,000	1,286,000	1,322,000	1,358,000	1,395,000
Airport-funded depreciation	382,000	388,000	396,000	404,000	412,000	420,000	428,000
Subtotal	$ 1,573,000	$ 1,606,000	$ 1,647,000	$ 1,690,000	$ 1,734,000	$ 1,778,000	$ 1,823,000
Allocated expenses	1,404,000	1,426,000	1,454,000	1,484,000	1,514,000	1,544,000	1,575,000
Total	$ 2,977,000	$ 3,032,000	$ 3,101,000	$ 3,174,000	$ 3,248,000	$ 3,322,000	$ 3,398,000
Debt Service							
Series 2012 Bonds	826,000	828,000	829,000	825,000	826,000	826,000	830,000
Total Debt Service	$ 826,000	$ 828,000	$ 829,000	$ 825,000	$ 826,000	$ 826,000	$ 830,000
Parking and Airport Road Area Net Revenue	$ 4,609,851	$ 4,682,000	$ 4,741,000	$ 4,806,000	$ 4,866,000	$ 4,927,000	$ 4,984,000
Allocation of Net Parking and Airport Road Area revenue							
Airfield Area cost center	$ 2,804,925	$ 2,841,000	$ 2,870,500	$ 2,903,000	$ 2,933,000	$ 2,963,500	$ 2,992,000
Capital Improvement Fund	1,804,925	1,841,000	1,870,500	1,903,000	1,933,000	1,963,500	1,992,000
Total allocation	$ 4,609,851	$ 4,682,000	$ 4,741,000	$ 4,806,000	$ 4,866,000	$ 4,927,000	$ 4,984,000

(a) Estimates and budget for years noted provided by City of Boise.

Exhibit E-2

AIRLINE RATES AND CHARGES
City of Boise, Boise Airport
For Fiscal Years ending September 30

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

	Estimate (a)	Forecast					
	2015	2016	2017	2018	2019	2020	2021
AIRFIELD RENTALS							
Airline landing fee requirement							
Airfield operation and maintenance expenses	$ 7,307,000	$ 7,420,000	$ 7,571,000	$ 7,724,000	$ 7,881,000	$ 8,041,000	$ 8,204,000
Airfield nonairline revenues	(1,152,765)	(1,251,000)	(1,278,000)	(1,305,000)	(1,333,000)	(1,362,000)	(1,389,000)
Current Year Adjustment	(427,608)	-	-	-	-	-	-
Credit of Parking and Airport Road Area revenue	(2,804,925)	(2,841,000)	(2,870,500)	(2,903,000)	(2,933,000)	(2,963,500)	(2,992,000)
Total	$ 2,921,701	$ 3,328,000	$ 3,422,500	$ 3,516,000	$ 3,615,000	$ 3,715,500	$ 3,823,000
Passenger airline landed weight (1,000-lb units)	1,682,557	1,689,854	1,694,106	1,697,989	1,701,911	1,705,870	1,715,402
Average airline landing fee (per unit)	$ 1.74	$ 1.97	$ 2.02	$ 2.07	$ 2.12	$ 2.18	$ 2.23
TERMINAL RENTALS							
Airline terminal rent requirement							
Terminal operation and maintenance expenses	$ 9,297,000	$ 9,476,000	$ 9,705,000	$ 9,942,000	$ 10,184,000	$ 10,431,000	$10,684,000
Terminal debt service	944,000	945,000	944,000	944,000	945,000	945,000	-
Terminal nonairline revenues	(6,012,692)	(6,458,000)	(6,634,000)	(6,817,000)	(7,004,000)	(7,196,000)	(7,393,000)
Current Year Adjustment	(104,162)	-	-	-	-	-	-
Revenue allocation to (from) Capital Improvement Fund	(140,000)	(143,000)	(139,000)	(137,000)	(131,000)	(126,000)	(118,000)
Total	$ 3,984,146	$ 3,820,000	$ 3,876,000	$ 3,932,000	$ 3,994,000	$ 4,054,000	$ 3,173,000
Total airline rented space (square feet)	109,701	109,701	109,701	109,701	109,701	109,701	109,701
Average airline terminal rental rate (per square foot) (c)	$ 36.32	$ 34.82	$ 35.33	$ 35.84	$ 36.41	$ 36.95	$ 28.92
PASSENGER AIRLINE PAYMENTS PER ENPLANED PASSENGER							
Total airline revenue requirement	$ 6,905,848	$ 7,148,000	$ 7,298,500	$ 7,448,000	$ 7,609,000	$ 7,769,500	$ 6,996,000
Enplaned passengers	1,436,000	1,458,000	1,480,000	1,503,000	1,526,000	1,549,000	1,572,235
Passenger airline payments per enplaned passenger	$ 4.81	$ 4.90	$ 4.93	$ 4.96	$ 4.99	$ 5.02	$ 4.45

(a) Estimate provided by City of Boise.

Exhibit F

APPLICATION OF REVENUES

City of Boise, Boise Airport

For Fiscal Years ending September 30

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

		Historical (a)			Estimate (b)	Forecast					
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues											
Airline revenues											
Landing fees		$ 2,462,248	$ 2,395,739	$ 2,782,573	$ 2,921,702	$ 3,327,000	$ 3,421,000	$ 3,514,000	$ 3,612,000	$ 3,713,000	$ 3,819,000
Terminal rentals		3,572,320	3,831,175	3,830,910	3,984,146	3,820,000	3,876,000	3,932,000	3,994,000	4,054,000	3,173,000
Total airline revenues		$ 6,034,568	$ 6,226,914	$ 6,613,483	$ 6,905,848	$ 7,147,000	$ 7,297,000	$ 7,446,000	$ 7,606,000	$ 7,767,000	$ 6,992,000
Nonairline revenues											
Airfield Area		$ 1,156,625	$ 1,245,098	$ 1,286,558	$ 1,152,765	$ 1,251,000	$ 1,278,000	$ 1,305,000	$ 1,333,000	$ 1,362,000	$ 1,389,000
Terminal Building		5,968,773	6,186,388	6,354,016	6,012,692	6,458,000	6,634,000	6,817,000	7,004,000	7,196,000	7,393,000
Parking and Airport Road Area		7,689,005	7,713,601	8,306,750	8,412,851	8,542,000	8,671,000	8,805,000	8,940,000	9,075,000	9,212,000
Administration		93,065	50,971	70,014	76,257	77,000	79,000	81,000	83,000	85,000	87,000
Security		652,190	600,845	619,674	674,926	685,000	699,000	713,000	727,000	742,000	757,000
ARFF		21,797	17,209	24,086	26,234	27,000	28,000	29,000	30,000	31,000	32,000
Other		2,679,739	2,562,678	2,638,788	2,560,173	4,092,000	4,146,000	4,199,000	4,248,000	4,305,000	4,356,000
Total nonairline revenues		$18,261,194	$18,376,790	$19,299,886	$18,915,897	$21,132,000	$21,535,000	$21,949,000	$22,365,000	$22,796,000	$23,226,000
Total Revenues	[A]	$24,295,762	$24,603,704	$25,913,369	$25,821,745	$28,279,000	$28,832,000	$29,395,000	$29,971,000	$30,563,000	$30,218,000
Operation and Maintenance Expenses											
Airfield Area		$ 6,285,795	$ 6,944,998	$ 7,260,107	$ 7,307,000	$ 7,420,000	$ 7,571,000	$ 7,724,000	$ 7,881,000	$ 8,041,000	$ 8,204,000
Terminal Building		9,227,258	8,753,410	9,242,658	9,297,000	9,476,000	9,705,000	9,942,000	10,184,000	10,431,000	10,684,000
Parking and Airport Road Area		2,955,161	3,529,025	2,827,732	2,977,000	3,032,000	3,101,000	3,174,000	3,247,000	3,322,000	3,399,000
Other		2,356,861	1,734,266	2,099,607	2,150,000	2,180,000	2,225,000	2,270,000	2,315,000	2,362,000	2,409,000
Total expenses (including depreciation)		$20,825,075	$20,961,699	$21,430,104	$21,731,000	$22,108,000	$22,602,000	$23,110,000	$23,627,000	$24,156,000	$24,696,000
Airport-funded depreciation (non-cash expense)		(3,094,032)	(3,157,638)	(3,069,124)	(3,112,000)	(3,159,000)	(3,222,000)	(3,286,000)	(3,352,000)	(3,419,000)	(3,488,000)
Total cash expenses	[B]	$17,731,043	$17,804,061	$18,360,980	$18,619,000	$18,949,000	$19,380,000	$19,824,000	$20,275,000	$20,737,000	$21,208,000
Debt Service Requirements											
Series 2011 Bonds		$ 4,420,488	$ 4,421,087	$ 4,422,087	$ 4,427,000	$ 4,425,000	$ 4,424,000	$ 4,425,000	$ 4,428,000	$ 4,426,000	$ -
Pledged PFC Revenues (c)		(3,343,215)	(3,477,627)	(3,478,414)	(3,483,000)	(3,480,000)	(3,480,000)	(3,481,000)	(3,483,000)	(3,481,000)	-
Series 2012 Bonds		-	826,253	828,750	826,000	828,000	829,000	825,000	826,000	826,000	830,000
Proposed Subordinate Series 2015 Bonds		-	.	-	-	843,000	846,000	847,000	843,000	846,000	843,000
Total	[C]	$ 1,077,273	$ 1,769,713	$ 1,772,423	$ 1,770,000	$ 2,616,000	$ 2,619,000	$ 2,616,000	$ 2,614,000	$ 2,617,000	$ 1,673,000
Net cash flow from operations	[D=A-B-C]	$ 5,487,446	$ 5,029,930	$ 5,779,966	$ 5,432,745	$ 6,714,000	$ 6,833,000	$ 6,955,000	$ 7,082,000	$ 7,209,000	$ 7,337,000
Capital Improvement Fund Deposits											
Allocation from (to) Terminal nonairline revenues		$ 51,563	$ 420,694	$ (193,282)	$ (140,000)	$ (143,000)	$ (139,000)	$ (137,000)	$ (131,000)	$ (126,000)	$ (118,000)
Allocation from Parking and Airport Road Area		1,515,103	1,179,174	1,825,500	1,804,925	1,841,000	1,870,500	1,903,000	1,933,000	1,963,500	1,992,000
Total	[E]	$ 1,566,666	$ 1,599,868	$ 1,632,218	$ 1,664,925	$ 1,698,000	$ 1,731,500	$ 1,766,000	$ 1,802,000	$ 1,837,500	$ 1,874,000
Available for other purposes (d)	[F=D-E]	$ 3,920,781	$ 3,430,062	$ 4,147,748	$ 3,767,820	$ 5,016,000	$ 5,101,500	$ 5,189,000	$ 5,280,000	$ 5,371,500	$ 5,463,000

(a) City of Boise financial statements and records for years noted.
(b) Estimates and budget for years noted provided by City of Boise.
(c) Pledged PFC Revenues applied to Series 2011 Bonds. No PFC Revenues pledged to the 2012 Bonds or proposed Subordinate Series 2015 Bonds.
(d) Funds equivalent to deposits to the Discretionary Fund as outlined in the Airline Agreement.

Exhibit G

COMPLIANCE WITH COVENANTS TO MAINTAIN AIRPORT RATES AND CHARGES
City of Boise, Boise Airport
For Fiscal Years ending September 30

This exhibit is based on information from the sources indicated and assumptions provided by, or reviewed with and approved by, Airport management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances could occur. Therefore, the actual results will vary from those forecast, and the variations could be material.

		Historical (a)			Estimate (b)	Forecast					
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES											
Airline revenues		$ 6,034,568	$ 6,226,914	$ 6,613,483	$ 6,905,848	$ 7,147,000	$ 7,297,000	$ 7,446,000	$ 7,606,000	$ 7,767,000	$ 6,992,000
Nonairline revenues		18,261,194	18,376,790	19,299,886	18,915,897	21,132,000	21,535,000	21,949,000	22,365,000	22,796,000	23,226,000
Less: Adjustments (c)		(345,738)	(682,650)	(599,340)	(520,000)	(520,000)	(520,000)	(520,000)	(520,000)	(520,000)	(520,000)
Subtotal		$23,950,024	$23,921,054	$25,314,029	$25,301,745	$27,759,000	$28,312,000	$28,875,000	$29,451,000	$30,043,000	$29,698,000
EXPENSES											
Personnel Services		$ 5,991,243	$ 5,866,677	$ 5,965,644	$ 6,049,000	$ 6,162,000	$ 6,306,000	$ 6,454,000	$ 6,606,000	$ 6,761,000	$ 6,919,000
M&O Expenses		11,739,800	11,937,384	12,395,336	12,569,000	12,789,000	13,075,000	13,369,000	13,669,000	13,976,000	14,289,000
Total cash expenses		$17,731,043	$17,804,061	$18,360,980	$18,618,000	$18,951,000	$19,381,000	$19,823,000	$20,275,000	$20,737,000	$21,208,000
Net Revenues	[A]	$ 6,218,981	$ 6,116,993	$ 6,953,049	$ 6,683,745	$ 8,808,000	$ 8,931,000	$ 9,052,000	$ 9,176,000	$ 9,306,000	$ 8,490,000
DEBT SERVICE COVERAGE											
Senior Bonds											
Net Revenues	[A]	$ 6,218,981	$ 6,116,993	$ 6,953,049	$ 6,683,745	$ 8,808,000	$ 8,931,000	$ 9,052,000	$ 9,176,000	$ 9,306,000	$ 8,490,000
Pledged PFC Revenues (d)	[B]	3,343,215	3,477,627	3,478,414	3,483,000	3,480,000	3,480,000	3,481,000	3,483,000	3,481,000	-
Total Pledged Revenues	[C=A+B]	$ 9,562,196	$ 9,594,620	$ 10,431,463	$ 10,166,745	$ 12,288,000	$ 12,411,000	$ 12,533,000	$ 12,659,000	$ 12,787,000	$ 8,490,000
Series 2011 Bonds		$ 4,420,488	$ 4,421,087	$ 4,422,087	$ 4,427,000	$ 4,425,000	$ 4,424,000	$ 4,425,000	$ 4,428,000	$ 4,426,000	$ -
Series 2012 Bonds		-	826,253	828,750	826,000	828,000	829,000	825,000	826,000	826,000	830,000
Senior Bonds Debt Service Requirements	[D]	$ 4,420,488	$ 5,247,340	$ 5,250,837	$ 5,253,000	$ 5,253,000	$ 5,253,000	$ 5,250,000	$ 5,254,000	$ 5,252,000	$ 830,000
Senior Bonds Coverage	[C/D]	2.16	1.83	1.99	1.94	2.34	2.36	2.39	2.41	2.43	10.23
Coverage requirement		*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*	*1.25*
Aggregate Senior and Subordinate Bonds											
Net Revenues	[A]	$ 6,218,981	$ 6,116,993	$ 6,953,049	$ 6,683,745	$ 8,808,000	$ 8,931,000	$ 9,052,000	$ 9,176,000	$ 9,306,000	$ 8,490,000
Pledged PFC Revenues (d)	[B]	3,343,215	3,477,627	3,478,414	3,483,000	3,480,000	3,480,000	3,481,000	3,483,000	3,481,000	-
Total Pledged Revenues	[C=A+B]	$ 9,562,196	$ 9,594,620	$ 10,431,463	$ 10,166,745	$ 12,288,000	$ 12,411,000	$ 12,533,000	$ 12,659,000	$ 12,787,000	$ 8,490,000
Debt Service Requirements											
Senior Bonds	[D]	$ 4,420,488	$ 5,247,340	$ 5,250,837	$ 5,253,000	$ 5,253,000	$ 5,253,000	$ 5,250,000	$ 5,254,000	$ 5,252,000	$ 830,000
Subordinate Bonds	[E]	-	-	-	-	843,000	846,000	847,000	843,000	846,000	843,000
Total Debt Service Requirements	[F=D+E]	$ 4,420,488	$ 5,247,340	$ 5,250,837	$ 5,253,000	$ 6,096,000	$ 6,099,000	$ 6,097,000	$ 6,097,000	$ 6,098,000	$ 1,673,000
All Bonds Coverage	[C/E]	2.16	1.83	1.99	1.94	2.02	2.03	2.06	2.08	2.10	5.07
Coverage requirement		*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*

(a) City of Boise financial statements and records for years noted.
(b) Estimates and budget for years noted provided by City of Boise.
(c) City internal financial data includes the gain on sale of land/assets and other non-operating revenues in their records. Per the Indenture, these amounts are not included in the calculation of coverage.
(d) Reflects PFC Revenues applied or to be applied by City to payment of the Debt Service Requirements on the Series 2011 Bonds.

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APPENDIX B

FORM OF THE SUBORDINATE INDENTURE

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EXECUTION COPY

TRUST INDENTURE

From

CITY OF BOISE CITY, IDAHO
As Issuer

To

ZIONS FIRST NATIONAL BANK,
As Trustee

Relating To:

$12,665,000

City of Boise City, Idaho
Airport Revenue Bonds, Subordinate Series 2015
(Aircraft Maintenance Facilities Project)

Dated as of August 1, 2015

TABLE OF CONTENTS

TRUST INDENTURE

THIS TRUST INDENTURE, dated as of August 1, 2015 (the "**Indenture**"), between the City of Boise City, Idaho (the "**Issuer**"), a municipal corporation duly organized, existing and operating under the laws of the State of Idaho, and Zions First National Bank, as Trustee (the "**Trustee**"), a national banking association organized under the laws of the United States of America.

R E C I T A L S:

A. The Issuer is authorized under the Constitution and laws of the State of Idaho, being Article VIII, Section 3E of the Constitution; the Revenue Bond Act, Sections 50-1027 through 50-1042, inclusive, Idaho Code; and Section 21-401, Idaho Code (collectively, the "**Act**") to issue revenue bonds, without approval of the electorate, to finance the acquisition and construction of "airport facilities" as defined in the Revenue Bond Act.

B. The Issuer has determined that it is both necessary and economically feasible for the Issuer to acquire certain aircraft maintenance facilities at the Boise Air Terminal/Gowen Field, as more particularly described in Exhibit A to this Indenture (the "**Project**") and to provide a portion of the funds for the same by the issuance of its revenue bonds in the manner provided by the Act, and to lease the same to SkyWest Airlines, Inc.

C. The Issuer desires to authorize, pursuant to the Act and this Indenture, the issuance and sale of its Airport Revenue Bonds, Subordinate Series 2015 (Aircraft Maintenance Facilities Project) in the aggregate principal amount of Twelve Million Six Hundred Sixty-Five Thousand Dollars ($12,665,000) (the "**2015 Bonds**").

D. The proceeds of the 2015 Bonds will be used to pay a portion of the Costs of Acquisition of the Project, including the costs of issuance of the 2015 Bonds, and to make the required deposit into the Reserve Fund, as hereinafter provided.

E. The Council of the Issuer published its Notice of Hearing on June 1, 2015, and held a public hearing on June 16, 2015, regarding the issuance of the 2015 Bonds, as required by the Code (hereinafter defined). Thereafter, on June 23, 2015, the Council of the Issuer gave its approval of the 2015 Bonds under the Code.

F. The execution and delivery of the 2015 Bonds and of this Indenture, and all things necessary to make the 2015 Bonds, when executed by the Issuer and authenticated by the Trustee, valid and binding legal obligations of the Issuer and to make this Indenture a valid and binding agreement have been duly authorized by the Mayor and Council of the Issuer by Ordinance No. 27-15, adopted by the Council on June 23, 2015.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That the Issuer in consideration of the covenants herein, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of Bonds issued hereunder by the purchasers thereof, and of other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal of, premium, if any, and interest on all Bonds Outstanding hereunder from time to time, according to their tenor and effect, and to secure the observance and performance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby pledge and assign unto the Trustee, acting on behalf of the Bondowners, and unto its successors and assigns (all terms not previously defined shall have the meanings provided in Article 1):

GRANTING CLAUSE FIRST

All right, title and interest of the Issuer in and to all moneys and securities in all funds and accounts from time to time held by the Trustee under the terms of this Indenture (except moneys and securities in the Rebate Fund) and investments, if any, thereof and earnings, if any, thereon (except for any amounts required under the Tax Certificate that have not yet been deposited in the Rebate Fund); and

GRANTING CLAUSE SECOND

All Subordinate Net Revenues, subordinate to the Senior Bonds (hereinafter defined) and on a parity with additional permitted parity senior lien obligations, and on parity with the Bonds, if any, as provided herein; and

GRANTING CLAUSE THIRD

All moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Issuer or by anyone on its behalf, or with its written consent and to hold and apply such property, subject to the rights granted the Issuer herein to direct the release of moneys free from the lien of this Indenture under the terms and conditions set forth herein;

TO HAVE AND TO HOLD all of the same, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said trusts and assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Bondowners of the Bonds from time to time issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds except as provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under this Indenture or shall provide, as permitted by Article 13 hereof, for the payment thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee, the Bond Registrar, the Paying Agent and all agents of any of them for the registration, authentication, transfer or exchange of Bonds, all sums of money due or to become due to it or them in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, determine and be void, all as set forth in Article 13 hereof; otherwise this Indenture is to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, that in order to secure the payment of the principal of, and the interest on, all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Issuer does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE 1
DEFINITIONS

In this Indenture and any indenture supplemental hereto (except as otherwise expressly provided or unless the context otherwise requires) the singular includes the plural, the masculine includes the feminine, and the following terms shall have the meanings specified in the foregoing recitals as well as the meanings set forth below, unless the context otherwise requires:

"Act" means collectively the following laws and statutes: Article VIII, Section 3E of the Constitution of the State of Idaho; the Revenue Bond Act, Sections 50-1027 through 50-1042, inclusive, Idaho Code; and Section 21-401, Idaho Code.

"**Aggregate Debt Service**" means, as of any date of calculation and with respect to any period, the sum of all principal and interest components on all Outstanding 2015 Bonds issued hereunder due during such period, and on the Senior Bonds.

"**Aggregate Debt Service Requirements**" for any period means the sum of (a) the amount required to pay the interest on Bonds issued hereunder, the Senior Bonds, and any permitted parity obligations payable from Subordinate Net Revenues during such period; and (b) the amount required to pay the principal or redemption price of Bonds issued hereunder, the Senior Bonds, and any permitted parity obligations, payable from Subordinate Net Revenues whether at stated maturity, upon mandatory redemption or upon the exercise of any option to

redeem such obligations, and any amount of other income of the System not constituting Subordinate Net Revenues irrevocably pledged to paying such debt service, for the period such amounts are committed.

"**Airport**" means the Boise Air Terminal/Gowen Field, situated on land owned and operated by the City.

"**Airport Enterprise Fund**" means the fund so designated and held by the Issuer into which all Revenues are deposited.

"**Acquisition Date**" means the date of acquisition of the Project by the Issuer, which is expected to be on or before September 15, 2015.

"**Authorized Officer**" means, with respect to the Issuer, the Mayor, Clerk, Treasurer, or anyone designated in writing by the Issuer to serve as an Authorized Officer hereunder and, with respect to the Trustee, any Vice President, Assistant Vice President, Trust Officer, or Assistant Trust Officer of the Trustee.

"**Beneficial Owner**" means, with respect to the Bonds, a person owning a Beneficial Ownership Interest therein.

"**Beneficial Ownership Interest**" means the beneficial right to receive payments and notices from the Depository with respect to the Bonds which are held by the Depository under a book entry system.

"**Bond**" or "**Bonds**" means the 2015 Bonds and any additional bonds or obligations issued under this Indenture.

"**Bondowner**" or "**Owner of Bonds**" or "**Owner**" or "**Registered Owner**" or any similar term, when used with respect to a Bond, means the registered Owner of any Outstanding Bond as indicated in the Bond Register maintained by the Trustee.

"**Bond Fund**" means the fund so designated which is established pursuant to Section 3.3 hereof.

"**Bond Register**" means the record of Bondowner registration kept by the Bond Registrar.

"**Bond Registrar**" means the Trustee and its successors.

"**Bond Year**" means August 11, 2015, through August 10, 2016, and each year thereafter as long as the Bonds are Outstanding.

"**Business Day**" means any day, other than a Saturday, Sunday or a holiday of the Issuer, when the office of the Trustee responsible for the administration of the Indenture is open for business or banking institutions and DTC are open for business.

"**Cede**" means Cede & Co., the nominee of DTC, and any successor nominee of DTC.

"**CFC Revenues**" means the Customer Facility Charges imposed by Issuer, and levied and collected for the benefit of the Airport by rental car company tenants of Issuer upon rental car customers at the Airport, and authorized by Boise City Code Title 12, Chapter 22, passed and approved by the Boise City Council on June 3, 2003, and as thereafter amended.

"**City**" means the City of Boise City, Idaho, as Issuer, and its successors.

"**Clerk**" means the Clerk of the City.

"**Certified Resolution**" means a copy of one or more resolutions or ordinances certified by the Clerk of the Issuer under its seal to have been duly adopted by the Council and Mayor of the Issuer and to be in effect on the date of such certification.

"**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.

"**Consultant's Report**" means a report signed by a nationally recognized independent financial consultant firm, engineer or financial services firm selected by the Issuer, which report shall include the following:

(1) a statement that the person or firm making or giving such report has read the pertinent provisions of this Indenture to which such report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based;

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said independent individual or firm to express an informed opinion with respect to the subject matter referred to in the report;

(4) the credentials of such firm or individual and their findings; and

(5) the findings and/or opinion of the consultant with respect to whether or not the earnings test, as set forth in Section 2.11 of this Indenture, for issuance of additional obligations secured by Subordinate Net Revenues and any Pledged Excluded Revenues, is satisfied.

"Continuing Disclosure Agreement" shall mean any Continuing Disclosure Agreement between the Issuer and the Trustee, in its capacity as dissemination agent and not as Trustee hereunder, dated the date of issuance and delivery of Bonds hereunder as originally executed and as may be amended from time to time in accordance with the terms hereof.

"**Costs of Acquisition**" shall be deemed to include payment of or reimbursement for the following items:

(1) the purchase price of the Project to be paid under the terms of the Development Agreement;

(2) all other costs which are considered to be part of the costs of the Project in accordance with Generally Accepted Accounting Principles and which will not adversely affect the exemption from federal income taxes of the interest component of Debt Service payments made by the Issuer under this Indenture and the Bonds, including, but not limited to, costs of issuance of the Bonds, underwriting discount, and interest during construction of the Project; and

(3) payments for redemption of Bonds or payments of principal of or interest on Bonds, at the Issuer's option, from any moneys remaining in the Project Fund subsequent to the Acquisition Date.

"**Council**" means the City Council of the City.

"**Counsel**" means an attorney at law or law firm (who may be counsel for the Issuer), satisfactory to the Trustee.

"**DTC**" means The Depository Trust Company, New York, New York, and its successors and assigns.

"**Debt Service**" means, as of any date of calculation and with respect to any period, the sum of all principal and interest components on all Outstanding 2015 Bonds issued hereunder due during such period.

"**Debt Service Requirements**" for any period means the sum of (a) the amount required to pay the interest on Bonds issued hereunder, and any permitted parity obligations, payable from Subordinate Net Revenues during such period; and (b) the amount required to pay the principal or redemption price of Bonds issued hereunder, and any permitted parity obligations, payable from Subordinate Net Revenues whether at stated maturity, upon mandatory redemption or upon the exercise of any option to redeem such obligations, and any amount of other income of the System not constituting Subordinate Net Revenues pledged to paying such debt service, for the period such amounts are committed.

"**Defeasance Securities"** mean direct obligations of the United States of America, or other securities, the principal of and interest on which are unconditionally guaranteed by the United States of America, pursuant to Section 57-504, Idaho Code.

"**Depository**" means DTC and any successor.

“**Designated Representative**” means the Authorized Officer at the time designated pursuant to a written certificate of the Issuer to act on behalf of the Issuer furnished to the Trustee, containing the specimen signature of that person and signed on behalf of the Issuer by a duly designated representative thereof.

“Development Agreement” means the Facility Development Agreement between the Issuer and SkyWest Airlines, Inc. dated September 29, 2014.

“**Direct Participant**” means a “Participant” as defined in the Letter of Representations (as defined in Section 2.12 hereof).

“**Event of Default**” means any of the events described in Section 9.1 hereof.

“**Excluded Revenues**” means grant funds, CFC Revenues, and passenger facility charge revenues.

“**Fiscal Year**” means the fiscal year of the Issuer commencing on October 1 and ending on September 30.

“**Fitch**” means Fitch Ratings, Ltd. and its successors.

“**Government Obligations**” means direct obligations of the United States Government or obligations unconditionally guaranteed by the United States Government.

“**Indenture**” means this Trust Indenture, as amended or supplemented at the time in question.

“**Indirect Participant**” means a person utilizing the book entry system of the Depository by, directly or indirectly, clearing through or maintaining a custodial relationship with a Direct Participant.

“**Interest Payment Date**” means each March 1 and September 1, commencing March 1, 2016**,** with respect to the 2015 Bonds.

“**Issuer**” means the City of Boise City, duly organized, existing, and operating under the provisions of the laws of the State.

“Maintenance Facility Lease” means the Maintenance Facility Lease entered into between the Issuer and SkyWest Airlines, Inc., which is expected to be dated on or before September 15, 2015.

“**Maximum Annual Debt Service Requirements**” means the largest sum of the Debt Service on the Bonds issued hereunder (excluding any redemption premiums payable on any redemption date and excluding any obligations the principal of which is payable within less than one year from the date on which issued) to be paid during any one Fiscal Year for the period beginning with the Fiscal Year in which such computation is made and ending with the last

Fiscal Year in which any such obligation becomes due at maturity or on a redemption date on which any such obligation is called for prior redemption, whichever time is earlier (but excluding any reserve requirement to secure such payments unless otherwise expressly provided).

“**Moody’s**” means Moody’s Investors Service and its successors.

“**Net Proceeds**” when used with respect to any performance or payment bond proceeds, or proceeds from policies of insurance required hereby or any condemnation award, or proceeds from any resale of the Project, means the amount remaining after deducting from the gross proceeds thereof all claims paid and all expenses (including, without limitation, reasonable attorneys fees and costs) incurred in the collection of such proceeds or award. For purposes of the Code, “net proceeds” is to be defined as provided therein and in the Tax Certificate delivered at Closing.

“**Net Revenues**” means the Revenues of the System less Operation and Maintenance Expenses.

“**Operation and Maintenance Expenses**” means current expenses incurred for operation, maintenance or repair of the System of a non-capital nature, and shall include, without limiting the generality of the foregoing, administrative and general expenses, insurance premiums, lease rentals, legal, regulatory, and engineering expenses, payments to pension, retirement, group life insurance, health and hospitalization funds or other employee benefit funds which are properly chargeable to current operations, payroll tax expenses and any other expenses required to be paid by law or permitted by generally accepted accounting principles, including legal and overhead expenses of the Issuer directly related to the administration of the System or otherwise allocated by the Issuer to the System in accordance with Federal Aviation Administration requirements and applicable in the circumstances. Operation and Maintenance Expenses shall not include any allowances for depreciation or amortization or any principal, redemption price or purchase price of, or interest on, any obligations of the Issuer incurred in connection with and payable from Revenues of the System or any assessment levied in lieu of municipal taxes.

“**Original Purchaser**” means Raymond James & Co., with respect to the 2015 Bonds, and the purchaser(s) of additional Bonds issued hereunder.

“**Outstanding**,” in connection with the Bonds means, as of the time in question, all Bonds authenticated and delivered under the Indenture, except:

A. Bonds theretofore cancelled or required to be cancelled under Section 2.9 hereof;

B. Bonds for the payment or redemption of which the necessary amount shall have been or shall concurrently be deposited with the Trustee or for which provision the payment of which shall have been made in accordance with Section 13.1 hereof; provided that, if such Bonds are being redeemed prior to maturity, the required notice of redemption shall have been given or provisions satisfactory to the Trustee shall have been made therefor; and

C. Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Article 2 hereof.

In determining whether the Owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, Bonds which are held by the Issuer or its designee shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"**Parity Lien,**" "**parity lien**" or "**parity**" shall mean with respect to the 2015 Bonds and any additional obligations issued under Section 2.11 hereof, an equal lien on Subordinate Net Revenues and equal access to such revenues by the Trustee and/or other representatives of the holders of such parity obligations in the event of default.

"**Participants**" means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

"**Paying Agent**" means the Trustee and any successors permitted under this Indenture.

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

"**Pledged Excluded Revenues**" means any Excluded Revenues pledged for the payment of the 2011 Obligations and the payment of any additional permitted obligations.

"**Project**" means the aircraft maintenance facilities described on Exhibit A attached hereto, a portion of which is being financed with the proceeds of the 2015 Bonds, and any future project financed with the proceeds of additional Bonds issued under this Indenture.

"**Project Fund"** means the fund so designated and established pursuant to Section 3.1 hereof.

"**Rating Agency**" means Moody's, S&P and Fitch or any other rating service then rating Bonds.

"**Rebate Fund**" means the fund so designated and established pursuant to Section 3.4 hereof.

"**Record Date**" for the interest payable on the Bonds on any Interest Payment Date means the fifteenth (15th) day (whether or not a Business Day) of the calendar month immediately preceding the month in which such Interest Payment Date occurs.

"**Redemption Price**" means the outstanding principal amount of and any applicable premium on any Bond called for redemption.

"**Reserve Fund**" means the fund so named and established in Section 3.5 hereof.

"**Reserve Fund Credit Enhancement**" shall mean any insurance policy, surety bond, letter of credit or similar instrument which is issued by an insurance company or financial institution deposited in or credited to the Reserve Fund, in lieu of or in partial substitution for moneys required to be on deposit therein; provided that the obligation of the Issuer to pay any amounts to any such insurance company or financial institution shall be subordinated indebtedness or indebtedness on a parity with the Bonds; provided that the amount of the obligation which is indebtedness on a parity with the Bonds shall not exceed that proportion which any amount drawn under such Reserve Fund Credit Enhancement is to the amount of Bonds secured by the Reserve Fund remaining outstanding.

"**Reserve Requirement**" means the lesser of i) 125% of the average annual Debt Service with respect to Bonds issued hereunder secured by the Reserve Fund; ii) the Maximum Annual Debt Service Requirements hereunder; iii) or 10% of the aggregate principal amount of all Bonds issued hereunder secured by the Reserve Fund, which may be in the form of cash or Permitted Investments or a Reserve Fund Credit Enhancement; provided that the Reserve Requirement shall not exceed the amount permitted to be capitalized from Net Proceeds under then applicable provisions of federal tax law in order to protect the tax-exempt status of interest on the Bonds.

"**Revenues**" means all income and revenue derived by the Issuer from any rates, fees, tolls and charges for the services furnished by, or for the use of, the System including, but not limited to, revenues from the Maintenance Facility Lease, and which are to be deposited to, and accounted for in, the Issuer's Airport Enterprise Fund including income received by Issuer under the authority of 14 Code of Federal Regulations Part 158 authorized under the Aviation Safety and Capacity Expansion Act of 1990, as amended, ***excluding*** any grant funds, CFC Revenues, and passenger facility charge revenues.

Notwithstanding the foregoing, the Issuer may elect to pledge other receipts at any time as additional security for any one or more series of obligations. IN NO EVENT WILL ANY OF ISSUER'S GENERAL FUND REVENUES BE USED TO MAKE ANY DEBT SERVICE PAYMENTS OR ANY OTHER PAYMENTS DUE UNDER THIS INDENTURE.

"**S&P**" means Standard and Poor's Rating's Group and its successor.

"**Senior Bonds**" means the 2011 Obligations and the 2012 Obligations and any parity obligations permitted under the indentures for the Senior Bonds.

"**Sinking Fund Installment**" means the amounts to be designated to be applied to the purchase or redemption of Bonds as designated in Section 7.1 hereof, if applicable.

"**State**" means the State of Idaho.

"**Subordinate Lien**," "**subordinate lien**" or "**subordinate**" means with respect to obligations hereunder or with respect to prior or future obligations of Issuer issued for the System, an inferior lien on Net Revenues and inferior or subordinate access to such revenue by the Trustee and/or other representatives of the holders of such subordinate obligations in event of default.

"**Subordinate Net Revenues**" means the Revenues of the System less Operation and Maintenance Expenses after payment of the Senior Bonds, the reserve requirements for the Senior Bonds, and any additional obligations permitted on a parity with the Senior Bonds under applicable indentures.

"**System**" means all of the Issuer's airport facilities and properties now owned or hereafter acquired, whether situated within or without the Issuer's boundaries.

"**Tax Certificate**" means the Tax Certificate of the Issuer relating to federal tax matters dated as of the date of issuance and delivery of Bonds hereunder.

"Treasurer" means the Treasurer Ex-Officio of the City.

"**Trustee**" means Zions First National Bank, and its successors in the trust created hereunder.

"**2011 Obligations"** means the Issuer's Airport Revenue Refunding Bonds, Series 2011 (Air Terminal Facilities Project) in the original aggregate principal amount of $32,480,000, issued February 28, 2011, to refund $42,725,000 of its Airport Revenue Certificates of Participation, Series 2000 (Air Terminal Facilities Project), issued November 15, 2000, which 2011 Obligations are secured by the Net Revenues, as defined herein, on parity with the 2012 Obligations, *plus* a prior and exclusive claim on the passenger facility charge revenues derived by the System.

"**2012 Obligations**" means the Issuer's Airport Revenue Bonds, Series 2012 (Parking Facilities Project) in the original aggregate principal amount of $11,760,000 issued December _, 2012, which 2012 Obligations are secured by the Net Revenues, as defined herein, on parity with the 2011 Obligations.

"**2015 Bonds**" means the principal amount of $12,665,000 Airport Revenue Bonds, Subordinate Series 2015 (Aircraft Maintenance Facilities Project) issued by the Issuer under this Indenture.

The words "hereof," "herein," "hereto," "hereby" and "hereunder" (except in the form of Bond) refer to the entire Indenture.

Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent" or similar action hereunder by the Issuer shall, unless the form thereof is specifically provided, be in writing signed by the Mayor or Treasurer of the Issuer.

ARTICLE 2
THE 2015 BONDS

Section 2.1. Amounts and Terms. Except as provided in Section 2.6 hereof, the 2015 Bonds shall be limited to $12,665,000 in aggregate principal amount, and shall contain substantially the terms recited in the form of Bond set forth in Article 14 hereof. All 2015 Bonds shall be issued in fully registered form, provided that principal or redemption price, and interest in respect thereof shall be payable from any legally available Subordinate Net Revenues of the Issuer, as described in Section 2.10 hereof. The 2015 Bonds shall be issued in the denomination of $5,000 each or any integral multiple thereof.

The 2015 Bonds shall be dated as of August 11, 2015, shall be initially issued as fully registered bonds and shall be numbered separately from R-1 upward.

(a) Serial and Term Bonds. The 2015 Bonds, consisting of serial and term bonds, shall mature on September 1 in the years and in the amounts and shall bear the rates of interest as set forth below:

September 1 Year	Principal Amount $	Interest Rate %
09/01/2016	305,000	3.000%
09/01/2017	340,000	4.000%
09/01/2018	355,000	3.250%
09/01/2019	365,000	3.250%
09/01/2020	375,000	3.250%
09/01/2021	390,000	3.250%
09/01/2022	400,000	3.500%
09/01/2023	415,000	3.500%
09/01/2024	430,000	3.000%
09/01/2025	440,000	3.000%
09/01/2026	455,000	3.000%
09/01/2027	470,000	3.250%
09/01/2028	485,000	3.375%
09/01/2029	500,000	3.500%
09/01/2030	520,000	3.750%
09/01/2031	535,000	3.750%
09/01/2032	560,000	3.750%
09/01/2033	580,000	4.000%
09/01/2034	600,000	4.000%
09/01/2035	625,000	4.000%
09/01/2040*	3,520,000	4.000%

*Term Bonds, subject to Sinking Fund Installments

(b) Interest. The principal of the 2015 Bonds is payable in lawful money of the United States of America to the Bond Owners whose names and addresses shall appear on the Bond Register maintained by the Trustee, upon presentation and surrender of the 2015 Bonds at the designated corporate trust operations agency office of the Trustee.

Payment of each installment of interest shall be made to the Bond Owner at his address appearing on the Bond Register on the Record Date, or at such other address as may be furnished in writing by such Bond Owner to the Trustee, shall be calculated on the basis of a 360-day year consisting of twelve 30-day months, and shall be paid by check or draft of the Trustee dated the due date. Interest on the 2015 Bonds shall be payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2016.

Section 2.2. Interest Accrual. Bonds issued hereunder shall be dated and bear interest from the Interest Payment Date to which interest has been paid next preceding the date of authentication, unless the date of authentication (i) is an Interest Payment Date to which interest has been paid, in which event such fully registered Bonds shall be dated and bear interest from the date of authentication, or (ii) is prior to the first Interest Payment Date for the Bonds, in which event such Bonds shall be dated and bear interest from the date of original issuance.

Section 2.3. Registration, Transfer and Exchange. The Issuer shall cause books for the registration and transfer of the Bonds (including the Bond Register) to be kept at the corporate trust administration office of the Trustee and hereby appoints the Trustee its registrar and transfer agent to keep such books and to make such registrations and transfers under such reasonable regulations as the Issuer may prescribe in accordance with the Idaho Registered Public Obligations Act, Title 57, Chapter 9, Idaho Code, as amended.

Upon surrender for transfer of any Bond at the designated corporate trust operation agency office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of any authorized denomination for the aggregate principal amount which the Registered Owner is entitled to receive.

All fully registered Bonds presented for transfer, exchange, registration, redemption or payment (if so required by the Issuer or the Trustee), shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Registered Owner or by his duly authorized attorney.

No service charge shall be made to the Bondowner for any exchange, transfer, registration or discharge from registration of Bonds, but the Issuer may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

The Issuer and the Trustee shall not be required (a) to issue, register, transfer or exchange any Bonds for a period of fifteen (15) days preceding any selection by lot of Bonds to be

redeemed; or (b) to register, transfer or exchange any Bonds selected, called or being called for redemption.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

Section 2.4. Execution. The Bonds shall be executed by the manual or facsimile signatures of the Mayor and the Treasurer of the Issuer, and attested to by the manual or facsimile signature of the Clerk of the Issuer, and the corporate seal of the Issuer shall be affixed, imprinted, lithographed or reproduced thereon.

Bonds executed as above provided may be issued and shall, upon request of the Issuer, be authenticated by the Trustee notwithstanding that any officer signing such Bonds attached thereto or whose facsimile signature appears thereon shall, after the date of authorization of the Bonds, have ceased to hold office at the time of issuance or authentication or shall have taken office after the date of issuance of the Bonds.

Section 2.5. Authentication. No Bond shall be valid for any purpose until the certificate of authentication shall have been duly executed by the manual signature of a duly Authorized Officer or authorized signatory of the Trustee, and such authentication shall be conclusive proof that such Bond has been duly authenticated and delivered under this Indenture and that the owner thereof is entitled to the benefit of the trust hereby created.

Section 2.6. Mutilated, Destroyed, Lost or Stolen Bonds. If any Bond shall become mutilated, the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor, maturity and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of such mutilated Bond for cancellation, and the Issuer and the Trustee may require reasonable indemnity satisfactory to them therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership thereof and the loss, theft or destruction thereof shall be submitted to the Trustee; and if such evidence shall be satisfactory to both and indemnity satisfactory to the Trustee and Issuer shall be given, the Trustee shall authenticate and deliver, a new Bond of like tenor, maturity and denomination. The cost of providing any substitute Bond under the provisions of this section shall be borne by the Bondowner for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Issuer may, with the consent of the Trustee, pay to the Owner the principal amount of such Bond upon the maturity thereof and the compliance with the aforesaid conditions by such Owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 2.6 shall constitute an additional contractual obligation of the Issuer, subject to the right to require indemnity set forth in the above paragraph, whether or not the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds and shall preclude any and all other rights or remedies.

Section 2.7. Temporary Bonds. Pending preparation of definitive Bonds of any series, or by agreement with the purchasers of all Bonds, the Issuer may issue and, upon its request, the Trustee shall authenticate in lieu of definitive Bonds one or more temporary printed or typewritten Bonds in denominations of $5,000 and integral multiples thereof of substantially the tenor recited above but in fully registered form. Upon request of the Issuer, the Trustee shall authenticate definitive Bonds in exchange for and upon surrender of an equal principal amount of temporary Bonds. Until so exchanged, temporary Bonds shall have the same rights, remedies and security hereunder as definitive Bonds.

Section 2.8. Delivery of 2015 Bonds and Application of Proceeds. The Trustee shall authenticate and deliver the 2015 Bonds on the closing date when there have been filed with it the following:

A. A certified copy of an ordinance or resolution of the Issuer authorizing (1) the execution and delivery of this Indenture, and (2) the issuance, sale, execution, and delivery of the 2015 Bonds;

B. An opinion or opinions of an attorney or firm of attorneys recognized on the subject of municipal bonds that the issuance of the 2015 Bonds has been duly authorized and that interest on the 2015 Bonds is exempt from federal and State of Idaho income taxation;

C. A direction and authorization of the Issuer to the Trustee to authenticate the 2015 Bonds and to deliver them to the person named in such direction upon payment by Original Purchaser to the Trustee for the account of the Issuer of $12,498,453.43, consisting of the par amount of $12,665,000, less original issue discount of $61,425,30, less underwriter's discount of $105,121.27, $11,704,209.67 of which to be deposited into the Project Fund, and $794,243.76 of which to be deposited into the Reserve Fund to satisfy the Reserve Requirement; and

D. The Issuer will deposit $53,050.00 to the Project Fund to be used to pay costs of issuing the Bonds.

Section 2.9. Cancellation and Destruction of Surrendered Bonds. Bonds surrendered for payment or redemption, and Bonds purchased from any money held by the Trustee hereunder or surrendered to the Trustee by the Issuer for cancellation, shall be cancelled and destroyed by the Trustee in accordance with applicable law and regulations and the Trustee's policies and procedures. The Trustee shall deliver to the Issuer a certificate of destruction, in respect of all Bonds so destroyed.

Section 2.10. Pledge of Subordinate Net Revenues and Limitation on Obligations. The Debt Service shall be payable solely out of the Subordinate Net Revenues. The Subordinate Net Revenues are hereby pledged to the payment in full of the 2015 Bonds and any obligations on a parity with the 2015 Bonds permitted under this Indenture. The Issuer has reserved the right to incur additional parity or subordinate obligations payable from Subordinate Net Revenues under the terms set forth in Section 2.11 hereof. The lien of this pledge and security interest shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer (except as herein otherwise provided) irrespective of whether such parties have notice hereof. The Bondowners may not look to any other revenues of the Issuer for the payment of Debt Service on the Bonds issued hereunder. The Bonds do not constitute full faith and credit obligations of the Issuer. IT IS UNDERSTOOD THAT NONE OF ISSUER'S GENERAL FUND REVENUES IS PLEDGED, OR WILL BE USED, TO MAKE ANY PAYMENTS DUE UNDER THIS INDENTURE.

Section 2.11. Additional Obligations Secured by Subordinate Net Revenues.

A. <u>Obligations Secured by Subordinate Net Revenues</u>.

1. <u>Earnings Test</u>. This Indenture shall not prevent the issuance of additional Bonds payable from and constituting a lien upon Subordinate Net Revenues and any Pledged Excluded Revenues on a parity with or subordinate to the lien of this Indenture, the 2015 Bonds and other parity obligations in order to provide for improvements to the System. Before any such additional parity Bonds (but not junior to the 2015 Bonds) are actually issued, it must be determined that:

(a) The Issuer is not, and has not been in default of this Indenture during the Fiscal Year immediately preceding the issuance of such additional Bonds, or if the Indenture has not been outstanding for a full fiscal year, then for the longest period of time the Indenture has been outstanding and the amount in the Reserve Fund is at least equal to the Reserve Requirement, and Issuer has been in compliance with Section 8.14 hereof for at least the preceding 12 months;

(b) Either of the following: (i) a Consultant's Report, upon which the Trustee may conclusively rely, shows that Net Revenues and Pledged Excluded Revenues projected for at least five (5) Fiscal Years following completion of the proposed project will be at least equal to 115% of the Aggregate Debt Service Requirements (excluding reserves) for the said period; or (ii) a written certificate by the Issuer that the Net Revenues and Pledged Excluded Revenues derived from the operation of the System for any period of twelve (12) consecutive months during the twenty-four (24) months immediately preceding the date of the supplemental ordinance or other document authorizing the issuance of any such parity lien Bonds shall have been sufficient to pay an amount representing 115% of the

Aggregate Debt Service Requirements on the outstanding obligations constituting a lien upon Net Revenues, Pledged Excluded Revenues and on the Bonds proposed to be issued (excluding reserves) for the said period.

In calculating the Net Revenues and Pledged Excluded Revenues to meet the requirements in (b)(i) above, the Issuer may take into consideration changes in Net Revenues or Pledged Excluded Revenues estimated to occur under one or more of the following conditions for each year after delivery thereof for so long as the 2015 Bonds, the additional bonds and other parity obligations shall be Outstanding:

(1) Any increase or decrease in Net Revenues or Pledged Excluded Revenues which would result from any change in rates or charges adopted prior to the issuance of the additional Bonds; and/or

(2) Any increase or decrease in Net Revenues or Pledged Excluded Revenues estimated to result from any additions, betterments, and improvements to and extensions of any facilities of the System which (i) became fully operational during such twelve (12) month period; (ii) were under construction at the time of the issuance of the additional Bonds; or (iii) will be constructed from the proceeds of the additional Bonds proposed to be issued.

(c) Each such issue of additional Bonds shall be secured by a cash reserve fund or Reserve Account Credit Enhancement in an amount sufficient to cause to be on deposit an amount equal to the Reserve Requirement on the 2015 Bonds and any additional obligations.

2. Certification of Net Revenues. A written certificate by the Issuer that said Net Revenues and Pledged Excluded Revenues are sufficient shall conclusively determine the right of the Issuer to issue additional parity Bonds, and the Trustee may rely conclusively upon such certificate. The Issuer may rely upon the Consultant's Report as provided in Section 2.11.A.1(b) above and may utilize the results of any annual audit to the extent it covers the applicable period.

3. Subordinate Obligations Permitted. The Issuer may issue other obligations having a lien on Subordinate Net Revenues subordinate to the lien of the Indenture.

4. Senior Obligations Permitted. The Issuer may issue other obligations having a lien prior and superior to the lien of this Indenture provided that

coverage of the Aggregate Debt Service Requirements set forth in Section 2.11.A.1(b) shall apply.

5. Refunding Obligations. The foregoing provisions are subject to the following exceptions:

(a) Privilege of Issuing Refunding Obligations. If at any time the Issuer shall find it desirable to refund any outstanding obligations or obligations constituting a lien upon Subordinate Net Revenues, said obligations may be refunded upon compliance with the following provisions.

(b) Limitations Upon Issuance of Parity Refunding Obligations. No refunding bonds or obligations issued under this Indenture shall be on a parity with the obligations of this Indenture, unless:

(1) The lien of the refunding obligations on Subordinate Net Revenues is on a parity with the lien of this Indenture, and

(2) The total Debt Service is reduced by the refunding as certified by the Issuer or if the Debt Service is not reduced the Issuer shall comply with the requirements under paragraphs 1 through 2 of Section 2.11.A above.

(c) Refunding Part of an Issue. The refunding obligations issued under this Indenture shall enjoy complete equality of lien with any portion of the same issue which is not refunded. The owners of such refunding bonds or obligations shall be subrogated to all of the rights and privileges enjoyed by the owners of the obligations of the same issue refunded thereby.

B. General Provisions for the Issuance of Additional Bonds.

Whenever the Issuer shall determine to issue additional Bonds under this Indenture, the Issuer shall adopt a supplemental indenture which:

1. Shall specify the authorized principal amount and series designation of such additional Bonds;

2. Shall specify the date and the maturity date or dates of the Bonds of such series, provided that (a) each maturity date shall fall upon an interest payment date and (b) all the Bonds of like maturity shall be identical in all respects, except as to denominations and number;

3. Shall specify the interest rate or rates of the Bonds of such series, or the manner of determining such rate or rates, and the interest payment dates therefor;

4. Shall specify the authorized denomination or denominations of the Bonds of such series;

5. Shall, subject to Article 7, specify the redemption terms, if any, for the Bonds of such series;

6. Shall specify the form of the Bonds of such series and of the Trustee's certificate of authentication; and

7. Shall require the Issuer to deposit from proceeds of the sale of the additional Bonds, or from other legally available sources, or provide for deposit of a Reserve Fund Credit Enhancement into the Reserve Fund in an amount sufficient to cause to be on deposit in the Reserve Fund a sum equal to the Reserve Requirement.

C. <u>Conditions of Issuance of Additional Bonds</u>.

Prior to issuance of additional Bonds, the Issuer shall file with the Trustee the following documents:

1. A copy of the supplemental indenture authorizing the issuance of the additional Bonds.

2. A written certificate of the Issuer to the effect that, upon the delivery of the additional Bonds, the Issuer will not be in default in the performance of any of the covenants, conditions, agreements, terms, or provisions of this Indenture with respect to any Bonds Outstanding hereunder.

3. The reports and certificates required under Section 2.11.A hereunder, as applicable.

4. A written certificate that the the revenue coverage tests for Senior Bonds have been met.

Section 2.12. Book-Entry System.

(a) The Bonds shall be initially executed and delivered in the form of a separate single certificated, fully registered Bond for each of the maturities set forth in Section 2.1 hereof. Upon initial issuance, the ownership of such Bond shall be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC. Except as provided in Section

2.12(d) hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC.

(b) With respect to Bonds registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than a Registered Owner, as shown in the registration books kept by the Trustee, of any notice with respect to the Bonds, including any notice of redemption, (iii) the payment to any Participant or any other person, of any amount with respect to principal of, premium, if any, or interest on the Bonds, (iv) any consent given or other action taken by DTC as Owner of the Bonds, or (v) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bonds, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest evidenced by the Bonds only to or upon the order of the respective Owners, as shown in the registration books kept by the Trustee, as provided in Section 2.1 hereof, or their respective attorneys duly authorized in writing, wire transfer or, if the Bonds are no longer held in immobilized form, check mailed on the applicable Interest Payment Date to the Owner as of close of business on the applicable Record Date, at his address as it appears on the registration books of the Trustee or at such other address as is furnished in writing by such Owner to the Trustee (provided, however, that the Trustee shall, at the request of any Owner of $1,000,000 or more in aggregate principal amount of Bonds, make payments of interest on such Bonds by wire transfer to the account at any bank in the United States designated by such Owner in writing on or before the Record Date), and the principal of the Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the designated corporate trust operations agency office of the Trustee. All such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest evidenced by the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Trustee, shall receive a certificated Bond evidencing the obligations of the Issuer to make Debt Service payments. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, the word "Cede" in this Indenture shall refer to such new nominee of DTC.

(c) A Letter of Representations in standard form approved by DTC (the "Letter of Representations") is hereby authorized and such Letter of Representations shall be executed and delivered to DTC if a blanket Letter of Representations, acceptable to DTC, has not already been executed. The approval of the Issuer shall be conclusively established by its execution and delivery of the Letter of Representations which shall not in any way limit the provisions of Section 2.12(b) hereof or in any other way impose upon the Issuer or Trustee any obligations whatsoever with respect to persons having interests in the Bonds other than the Bondowners, as shown on the registration books kept by the Trustee.

(d) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Issuer or the Trustee and discharging its responsibilities with respect thereto under applicable law.

(e) The Issuer in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if it determines that:

1. DTC is unable to discharge its responsibilities with respect to the Bonds, or

2. A continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, or any other nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds.

(f) Upon the termination of the services of DTC with respect to the Bonds pursuant to Section 2.12(d) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to Section 2.12(d) or Section 2.12(e) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Issuer, is willing and able to undertake such functions upon reasonable and customary terms, the Trustee is obligated to deliver Bonds at the expense of the Issuer, unless the Beneficial Owners have requested the termination of the services of DTC and then at the expense of such Beneficial Owners, as described in this Indenture and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede as nominee of DTC, but may be required in whatever name or names Owner transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(g) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

ARTICLE 3
FUNDS AND ACCOUNTS

Section 3.1. Establishment of Project Fund. The Trustee shall establish a Project Fund for the payment of the Costs of Acquisition of the Project to be paid with proceeds from Bonds hereunder, including costs of issuance of Bonds. The Project Fund shall consist of the

amounts deposited therein pursuant to this Indenture and any other amounts the Issuer may deposit therein. The amounts in the Project Fund, until applied for payment of Costs of Acquisition, including costs of issuance of Bonds as hereinafter provided, shall be held for the security of all Bonds Outstanding hereunder.

The Trustee shall maintain records sufficient to permit calculation of the income on investments and interest earned, if any, on deposit of amounts held in the Project Fund and such income and interest shall become part of the Project Fund and may be expended as provided in Section 3.2 hereof. Copies of such records shall be made available to the Issuer upon written request of the Issuer. Such income or interest earnings may be expended at any time or from time to time to pay Costs of Acquisition, including costs of issuance of Bonds, or pay principal of and interest on the Bonds in the same manner as the proceeds of Bonds deposited in the Project Fund are expended.

Section 3.2. Payments from Project Fund. The Trustee shall make payments from the Project Fund, in the amounts, at the times, in the manner, and on the other terms and conditions set forth in this Section 3.2. Before any such payment shall be made, the Issuer shall file with the Trustee its requisition therefor in substantially the form set forth in Exhibit B attached hereto, signed by an Authorized Officer of the Issuer, stating in respect of each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid, (c) the particular item of the Costs of Acquisition with respect thereto to be paid, and (d) that the cost or the obligation in the stated amount is a proper charge against the Project Fund and is a proper item of the Costs of Acquisition, and has not been paid. Funds may be disbursed for payments for acquisition of the Project once the Maintenance Facility Lease has been signed and the payments will result in transfer of ownership of the Project to the Issuer. The Trustee shall make each payment required by such requisition. When the acquisition of the Project is complete and written notice thereof is provided by the Issuer and the Costs of Acquisition have been paid in full, money remaining in the Project Fund shall be transferred to the Reserve Fund if needed to meet the Reserve Requirement and then to the Bond Fund, and the Project Fund shall thereafter be closed and terminated. Costs of issuing the Bonds paid from Bond proceeds in the Project Fund shall not exceed $146,950. Costs of issuing the Bonds exceeding this amount will be paid with funds of the Issuer deposited to the Project Fund.

Section 3.3. Establishment of Bond Fund.

A. There is hereby established with the Trustee a Bond Fund, which the Trustee shall make available to the Issuer's paying agent or agents to pay the principal, Sinking Fund Installments or Redemption Price of Bonds, as applicable, as they mature or become subject to redemption, upon surrender thereof, and the interest on Bonds as it becomes payable. When Bonds are redeemed or purchased, the amount, if any, deposited by the Issuer for the payment of the Redemption Price and interest, shall be deposited in the Bond Fund and earnings thereon shall be applied to the payment of the Redemption Price and accrued interest in connection with such redemption or purchase.

B. In the event that on any Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal of or interest on the Bonds due on such Interest Payment Date, the Trustee shall first apply monies in the Bond Fund to the payment of interest then due on the Bonds and next to the payment of principal amounts then due on the Bonds.

The Issuer hereby covenants and agrees that as long as any Bonds issued hereunder remain Outstanding it will deposit, or, pursuant to Section 5.1 hereof, cause to be deposited by the Trustee, in the Bond Fund and accounts therein on or before three (3) Business Days prior to the payment dates, subordinate to the lien on the Senior Bonds, sufficient sums from Subordinate Net Revenues, to pay the principal or Redemption Price of, and interest on the Bonds as the same become due and payable. Nothing herein contained shall be construed as requiring the Issuer to use any funds or revenues from any source other than Subordinate Net Revenues. In addition, any amounts received by the Issuer at issuance and delivery of the Bonds, representing accrued interest, shall be deposited to the Bond Fund.

Section 3.4. Establishment of Rebate Fund; Rebate Requirement. There is hereby established a Rebate Fund into which shall be deposited, at the written direction of the Issuer delivered to the Trustee from time to time, all excess earnings on funds and accounts held by the Trustee hereunder to the extent required by the Tax Certificate 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 Issuer provides the Trustee with an opinion of nationally recognized bond counsel that another use will not cause interest on the Bonds to cease to qualify for exclusion from federal income taxation under the Code.

The Trustee 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 Trustee 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 3.5. Establishment of Reserve Fund.

A. There is hereby created a separate fund with the Trustee as a trust fund to be designated the "**Reserve Fund, Subordinate Series 2015**." Any money or Reserve Fund Credit Enhancement held in the Reserve Fund shall be held in trust for the payment, when due, of the Debt Service on the Bonds to be paid pursuant to the Indenture, and shall be used and applied only as hereinafter provided. The Reserve Fund shall be initially funded with Bond proceeds. If three (3) Business Days prior to any Bond payment date the moneys on hand in the Bond Fund are not sufficient to pay the Debt Service on the Bonds then due and unpaid, the Trustee shall use such moneys, if any, in the Reserve Fund, or shall make demand on the Reserve Fund Credit Enhancement in accordance with the provisions

thereof, if applicable, and shall make such payment on behalf of the Issuer by transferring the amount necessary for this purpose to the Bond Fund.

B. In the event any amount of funds in the Reserve Fund are paid out as provided hereunder, the Issuer shall, prior to the next Bond payment date, deposit such amount to the Reserve Fund with the Trustee or cause the applicable Reserve Fund Credit Enhancement to be reinstated and maintained in accordance therewith in order to maintain the Reserve Fund at the Reserve Requirement.

C. All investments, if any, in the Reserve Fund shall be valued at cost if maturity is less than one (1) year and shall be valued at the lower of cost or market value marked to market semiannually if maturity is greater than one (1) year. No investments in the Reserve Fund shall have maturities of more than five (5) years unless the investment is in the form of an investment agreement, in which case the maturity of the investment may be no greater than the final maturity of any Bonds Outstanding at the time of the investment. Upon payment in full, or defeasance of, all Outstanding Debt Service, the balance, if any, in the Reserve Fund shall be transferred to the Bond Fund or at the option of the Issuer, such amount shall be paid to the Issuer, subject to any payments required to the Rebate Fund under Section 3.4. hereof. If the funds or the applicable Reserve Fund Credit Enhancement deposited to the Reserve Fund as of 30 days prior to a payment date exceed the Reserve Requirement, the amount of such excess shall be transferred to the Bond Fund or, so long as a Reserve Fund Credit Enhancement is in effect, the coverage amount of the Reserve Fund Credit Enhancement may be reduced by the amount of such excess. Funds, if any, in the Reserve Fund may be used to make the applicable final payment of Debt Service.

ARTICLE 4
ACQUISITION OF THE PROJECT

Section 4.1. Agreement to Acquire the Project. The Issuer hereby agrees that it will make all contracts and do all things necessary for the acquisition of the Project.

(a) The Issuer shall cause the Project to be acquired.

(b) The Issuer hereby agrees that in order to effectuate the purposes of this Indenture it will make, execute, acknowledge and transmit any contracts, orders, receipts, writings and instructions with any other persons, firms, or corporations and in general do all things which may be requisite or proper, all for the acquisition of the Project.

(c) So long as this Indenture is in full force and effect and no Event of Default shall have occurred, or if an Event of Default has occurred but has been cured, the Issuer shall have full power to carry out the acts and agreements provided in this Section 4.1, and such power is granted and conferred under this Indenture to the Issuer, and is accepted by the Issuer and shall not be terminated or restricted by act of the Trustee or the Issuer, except as provided in this Section 4.1.

(d) The Issuer agrees to acquire the Project through the application of moneys to be disbursed from the Project Fund pursuant to Section 3.2 of this Indenture by the Trustee upon the authorization of the Issuer. The Issuer agrees to complete all acquisition with all reasonable dispatch, and to use its best efforts to cause the Project to be acquired on or before September 1, 2015, or as soon thereafter as may be practicable; but, if for any reason the Project is not completed by said date, there shall be no resulting liability on the part of the Issuer or Event of Default hereunder, and there shall be no diminution in or postponement of the Debt Service Requirements required to be made by the Issuer under this Indenture.

ARTICLE 5
SUBORDINATE NET REVENUES AND APPLICATION THEREOF

Section 5.1. Subordinate Net Revenues to be Paid Over to Trustee.

A. On or before three (3) Business Days prior to March 1, 2016, and each September 1 and March 1 thereafter during the time the Bonds are Outstanding the Issuer shall, subject to the limitations set forth in Section 2.10 hereof, pay to Trustee for deposit to the Bond Fund or the Reserve Fund from Subordinate Net Revenues, and on a parity with any additional obligations permitted under Section 2.11 hereof, such amounts in immediately available funds as may be necessary, after taking account of any amounts then on deposit in the Bond Fund, to pay the interest and principal payments then coming due on the Bonds, or after taking account of any amounts then on deposit in the Reserve Fund, to meet the Reserve Requirement.

B. The Trustee shall provide to the Issuer (i) at least semiannually, statements of money received by the Trustee from the Issuer as Subordinate Net Revenues; (ii) statements or copies of records of each disbursement to Bondowners by the Trustee of principal or Redemption Price of or interest on the Bonds within two (2) weeks after the last day of the month in which each such payment occurs; and (iii) within two (2) weeks after the end of the Bond Year, a statement of the principal balance of Outstanding Bonds as of the end of such Bond Year.

Section 5.2. Subordinate Net Revenues to Be Held for All Bondowners; Certain Exceptions. Any Subordinate Net Revenues held by the Trustee and investments thereof shall, until applied as provided in this Indenture, be held by the Trustee for the benefit of the Owners of all Outstanding Bonds, subordinate to the Senior Bonds, the reserve requirements, and any parity obligation permitted under their respective indentures, and on a parity with any additional obligations permitted under Section 2.11 hereof, except that any portion of the Subordinate Net Revenues representing principal or Redemption Price of, and interest on, any Bonds previously called for redemption in accordance with Article 7 of this Indenture, shall be held for the benefit of the owners of such Bonds only.

ARTICLE 6
SECURITY FOR AND INVESTMENT OF FUNDS

Section 6.1. Deposits and Security Therefor. All money received by the Trustee under this Indenture shall, except as hereinafter provided, be deposited with the Trustee, until or unless invested or deposited as provided in this Section 6.1. All deposits with the Trustee as trust funds (whether original deposits under this Section 6.1 or deposits in time accounts under Section 6.2) shall be held by it as required by applicable law for such trust deposits. The Trustee may deposit such money with any other depository which is authorized to receive them and is subject to supervision by public authorities. All deposits in any other depository shall be deposited with a bank or trust company having a combined capital and surplus of not less than $100,000,000.

Section 6.2. Investment or Deposit of Funds. The Trustee shall, at the written request and direction of the Issuer, invest money held in the Project Fund, Reserve Fund or the Bond Fund established under this Indenture in Permitted Investments which shall mature, as determined by the Issuer, not later than the date when the amounts will foreseeably be needed for purposes of this Indenture. Reserve Fund investments shall also be governed by Section 3.5 hereof. The investments permitted hereunder shall be Permitted Investments.

Any such written direction (investment instruction) shall state that, in the opinion of the Issuer, the investment of money requested hereunder is a Permitted Investment. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Permitted Investment, remains a Permitted Investment thereafter, absent receipt of written notice or information from the Issuer to the contrary.

The Trustee shall have no liability or responsibility for any loss or for failure to maximize earnings resulting from any investment made in accordance with the provisions of this Section 6.2.

The Trustee may make any and all investments permitted by the provisions of this Section 6.2 through its own investment department or that of its affiliates.

The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, the Issuer specifically waives receipt of paper confirmations to the extent permitted by law provided the Trustee retains an electronic confirmation. The Trustee will furnish the Issuer periodic cash transaction statements that include the detail for all investment transactions made by the Trustee hereunder.

If the Issuer shall not give current written directions, or oral directions confirmed in writing, as to investments of monies held in the Project Fund, Reserve Fund or the Bond Fund, the Trustee shall invest any available monies held in the Project Fund, Reserve Fund or the Bond Fund, as to which it does not have current instructions, in Permitted Investments selected by the Issuer in a written direction of the Issuer delivered to the Trustee at the issuance of the Bonds. If the Trustee has been informed that, or has learned that, an Event of Default has occurred and is continuing, the Trustee may invest any available monies held in the Project Fund, Reserve Fund and the Bond Fund in short term (less than one (1) year) Permitted Investments.

The securities purchased with the money in the Project Fund, Reserve Fund or the Bond Fund shall be deemed part of such respective fund and, for the purpose of determining the amount of money in such fund (until transferred from such fund pursuant to this Indenture), the securities therein shall be valued at their cost or market value, whichever is lower. The proceeds of any such investment (including interest or realized discount) shall be deposited to the fund of which such securities are a part.

The Trustee may, and to the extent required for payments from the Project Fund, Reserve Fund or the Bond Fund, or accounts therein shall sell, without prior notice to the Issuer, any such obligation at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the appropriate account in such fund in which such obligations were held.

Subject to the requirements of Section 3.4 and Section 3.5.C hereof, the interest and income received upon such investments of the Project Fund, Reserve Fund and the Bond Fund, and any profit or loss resulting from the sale of any investment shall be added or charged to such fund. In the case of all other Subordinate Net Revenues held in the Bond Fund such interest or income received or paid or excess amounts transferred to the Bond Fund from the Project Fund, shall, subject to Section 3.4 hereof, be held in the Bond Fund with a corresponding credit against the Issuer's obligation to make payments of Subordinate Net Revenues hereunder.

ARTICLE 7
REDEMPTION OF BONDS

Section 7.1. Bonds Subject to Redemption; Selection of Bonds to be Called for Redemption.

(a) Optional Redemption. 2015 Bonds maturing on or before September 1, 2025, shall not be subject to call for optional redemption prior to their stated dates of maturity. On any date on or after September 1, 2025, at the election of the Issuer, the 2015 Bonds maturing on and after September 1, 2026, 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.

(b) Mandatory Redemption. The 2015 Bonds with the maturity date of September 1, 2040, 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:

Redemption Date September 1	Principal Amount $
2036	650,000
2037	675,000
2038	705,000
2039	730,000
*2040	760,000

*Final maturity

(c) Upon notice from the Issuer, the Trustee may determine the Record Date and shall give at least thirty (30) days and not more than sixty (60) days' notice of redemption, substantially in the form set forth in Section 7.1(d) below, of a proportionate amount of the Outstanding Bonds to the Original Purchaser and to the affected Bondowners at their addresses listed on the Bond Register by first class mail or such other method as may be customary for obligations such as the Bonds. Any notice mailed shall be conclusively presumed to have been duly given whether or not the Bondowner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to redemption, and failure so to receive any such notice by any of such Bondowners, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond. The obligation of the Trustee to give any notice required by this Section 7.1 shall not be conditioned upon the prior payment to the Trustee of moneys sufficient to pay the redemption price of the Bonds or portions thereof to which such notice relates or the interest thereon to the redemption date. Upon receipt of the funds from the Issuer, the Trustee shall immediately apply the proceeds thereof to such redemption of the Bonds. In the event such prepayment is not received by the Trustee, Trustee shall so notify the Bondowners by first class mail.

(d) All official notices of redemption shall be dated and shall state:

1. the redemption date;

2. the redemption price;

3. if less than all Outstanding Bonds are to be redeemed, the identification (and, 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 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

5. the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the operations agency office of the Trustee or any office designated by the Trustee; and

6. that the proposed redemption is conditioned on there being on deposit in the Bond Fund on the redemption date sufficient money to pay the full Redemption Price of the Bonds to be redeemed.

In addition to the foregoing notice, further notice shall contain the information and shall be given by the Trustee 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 mailed as prescribed in (d) above.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least thirty (30) days before the redemption date by 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.

(e) Upon the payment of the Redemption Price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(f) Notice having been given to the extent required above, the Bonds to be redeemed shall become due and payable on said date of redemption at par plus Redemption Price, if applicable, plus any unpaid and accrued interest to said date of redemption and on such date, if monies are held therefor by the Trustee, interest shall cease to accrue on the Bonds to be redeemed. All monies so held by the Trustee shall be held for the account of the Bondowners of the Bonds to be redeemed, and if not so redeemed, shall be paid over as required by Title 14, Chapter 5, Idaho Code, as amended, with investment earnings, if any, thereon.

(g) If less than all the Bonds of like series and maturity are to be redeemed, the particular Bonds or the respective portions thereof to be redeemed shall be selected by DTC pursuant to its rules or procedures or, if the book-entry system is discontinued, by lot in such manner as the Trustee in its discretion may deem fair and appropriate. The portion of any Bond of a denomination of larger than the minimum denomination of $5,000 principal amount may be redeemed in the principal amount of such minimum denomination or a multiple thereof, and for purposes of selection and redemption, any such Bond of a denomination larger than the minimum denomination shall be considered to be that number of separate Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bond by

such minimum denomination. If there shall be selected for redemption less than all of a Bond, the Trustee shall execute, authenticate and deliver, upon the surrender of such Bond without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered, Bonds of like series, maturity and interest rate in any of the authorized denominations.

(h) Upon any purchase or redemption of Bonds of any series and maturity for which Sinking Fund Installments shall have been established pursuant to this Indenture (other than by application of Sinking Fund Installments), an amount equal to the aggregate principal amount of Bonds so purchased or redeemed shall be credited towards a part or all of any one or more of such Sinking Fund Installments for such term Bonds so purchased next becoming due at least thirty (30) days subsequent to the date of purchase. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

(i) Any Bond which is to be redeemed only in part shall be surrendered at a place stated for the surrender of Bonds called for redemption in the notice provided for herein (with due endorsement by, or a written instrument of transfer in form satisfactory to the Trustee duly executed by, the owner thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Trustee shall authenticate and deliver to the Bond Owner of such Bond without service charge, a new Bond or Bonds, of any authorized denomination as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered, provided further that, if less than all of an Outstanding Bond of one maturity in a book entry system is to be called for redemption, the Trustee shall give notice to the Depository or the nominee of the Depository that is the Owner of such Bond, and the selection of the beneficial interests in that Bond to be redeemed shall be at the sole discretion of the Depository and its participants.

(j) Prior to the mailing by the Trustee of a notice of redemption of Bonds under Section 6.1 hereof, the Issuer may direct the Trustee in writing to purchase, and upon receipt of any request by Issuer to such effect, the Trustee shall purchase such Bonds, at a price not to exceed the principal amount thereof plus accrued interest thereon, for cancellation in lieu of redemption; provided, however, that the Trustee shall not be obligated to honor an Issuer request that directs the purchase of Bonds for future delivery on or after a date that is within five (5) days prior to the last date, if any, on which notice or redemption with respect to such Bonds is required to be mailed in accordance with the provision of this Indenture. The Issuer is expressly authorized to tender, and to direct the Trustee to purchase for the Issuer, any Bonds for cancellation in lieu of redemption. The Trustee shall not be required to advance any of its own money to make any such purchase or purchases but shall apply any prepayment moneys held in the Bond Fund and available for redemption of Bonds to the purchase of Bonds.

(k) In addition, the Issuer may purchase, from its own funds, Bonds from Bondowners at any time (not in lieu of redemption) at a price and terms negotiated by Issuer and said Bondowner(s).

(l) In the event of such a purchase of Bonds, the amount of such purchase shall be credited against the principal portion of the Bonds or portion thereof represented by such Bond so purchased.

ARTICLE 8
COVENANTS OF THE ISSUER

Section 8.1. Payment of Principal of and Interest on Bonds. The Issuer shall promptly pay or cause to be paid the principal or applicable redemption price of, and the interest on, every Bond issued hereunder according to the terms thereof, but shall be required to make such payment only out of Subordinate Net Revenues. The Issuer hereby appoints the Trustee to act as Paying Agent in respect of the Bonds and designates the designated corporate trust operations agency office of such agent as the place of payment in respect of the Bonds. The aforesaid appointment and designation shall remain in effect until notice of change is filed with the Trustee.

Section 8.2. Corporate Existence; Compliance with Laws. The Issuer shall maintain its corporate existence; shall use its best efforts to maintain and renew all its rights, powers, privileges and franchises; and shall comply with all valid and applicable laws, acts, rules, regulations, permits, orders, requirements and directions of any legislative, executive, administrative or judicial body pertaining to the Bonds.

Section 8.3. Further Assurances. The Issuer hereby covenants and represents that this Indenture creates for the benefit of Bondowners a first lien on the Subordinate Net Revenues, subordinate to the lien of the Senior Bonds and any obligations on a parity with the Senior Bonds under the respective indentures for the Senior Bonds, and on a parity with any additional bonds or other obligations permitted under Section 2.11 hereof. Except to the extent otherwise provided in this Indenture, the Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondowners may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Indenture.

Section 8.4. Tax Exempt Status of Bonds. The Issuer covenants with the Owners of the Bonds that, notwithstanding any other provision of this Indenture or any other instrument, it will take no action which would adversely affect the tax exempt status of the Bonds under Sections 103 or 148 of the Code pertaining to the exclusion of interest on the Bonds from gross income for federal income tax purposes. The foregoing covenant shall extend throughout the term of the Bonds. The Issuer will execute a Tax Certificate dated the date of issuance and closing of the Bonds with respect to such federal tax matters.

Section 8.5. Financing Statements. Issuer shall cause this Indenture or a financing statement relating thereto under the Uniform Commercial Code of the State of Idaho to be filed, in such manner and at such places as may be required by law fully to protect the security of the Owners of the Bonds and the right and interest of the Trustee in and to the rights and interests assigned to the Trustee under this Indenture and shall periodically file such Uniform Commercial Code continuation statements as required to maintain and continue the perfection of said security interests. The Issuer shall cooperate with the Trustee in the filing of any required financing statements and consents thereto, providing that the Trustee shall have no responsibility hereunder for the filing of any financing statement or continuation thereof, or for the validity, perfection or priority of such filing.

Section 8.6. Issuer Representations. The Issuer represents as follows:

(a) The Issuer is a duly organized municipal corporation and political subdivision under the laws of the State and has power to enter into this Indenture and by proper action has duly authorized the execution and delivery of this Indenture.

(b) Neither the execution and delivery of this Indenture, the consummation of the transactions contemplated hereby nor the fulfillment or compliance of the terms and conditions of this Indenture conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction or any other agreement, instrument or obligation to which the Issuer is now a party or by which it is bound or constitutes a default under any of the foregoing or results in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the Subordinate Net Revenues of the Issuer under the terms of any agreement, instrument or obligation.

(c) There is no action, suit or proceeding pending or imminently threatened against the Issuer which challenges or negates the validity of this Indenture and related documents or which threatens the Issuer, the operation or ownership of its property as to constitute a probable significant risk material to the ability of the Issuer to perform its obligations under this Indenture and related documents other than that disclosed in writing to the Original Purchaser.

(d) The Issuer has obtained or will obtain in due course all necessary governmental approvals for the Project, and is and will be in compliance with all planning, zoning, parking, sanitary and building laws, ordinances and regulations applicable to the System.

(e) The Issuer will acquire the Project in accordance with this Indenture and applicable law.

(f) The Issuer has not obtained other financing for the Project.

(g) The Issuer will duly and punctually pay the amounts and satisfy the obligations required under this Indenture, recognizing that time is of the essence.

(h) The Issuer has power to enter into this Indenture and take all actions to satisfy its obligations hereunder.

Section 8.7. Insurance.

(a) The Issuer shall pay for or provide standard fire and casualty insurance on the Project and the System in an amount at least equal to the unpaid principal of the 2015 Bonds, the Senior Bonds, and all parity bonds, which may be with such self-insured retention amounts as are customary and reasonable for other municipalities of the size and nature of the Issuer. Policies evidencing this insurance shall provide for at least thirty (30) days written notice to the Trustee in writing of cancellation thereof and certificates of such policies shall be filed with the Trustee, and the Trustee shall be named as loss payee therein. Any proceeds of such insurance shall be paid to the Trustee. If the Issuer has breached any of its promises herein contained (regardless of whether such breach constitutes an event of default) and the breach has not been cured by the time insurance proceeds are paid to the Trustee, the insurance proceeds shall be used to prepay the Bonds as soon as possible after the Trustee receives the insurance proceeds. If the Issuer has not breached its promises hereunder, or any breach has been cured, then the Issuer may apply the insurance proceeds to the repair and/or replacement of the Project, to extraordinarily redeem the Bonds pursuant to Section 7.1 or to prepayment of Debt Service, in its discretion.

(b) Upon the execution and delivery of this Indenture, the Issuer shall, in accordance with any applicable standards of the State insure against public liability including errors and omissions coverage which may be by means of self-insurance and civil rights coverage, by means of a self-insurance fund, with respect to the activities to be undertaken by and on behalf of the Issuer in connection with the use of the Project and the System. Such coverage shall be in amounts not less than the limits of liability set by the Idaho Tort Claim Act (Title 6, Chapter 9, Idaho Code), as the same may from time to time be amended, for claims to which the defense of sovereign immunity applies and Trustee shall be an additional insured for such coverage. The public liability insurance required by this Section may be by blanket insurance policy or policies. The Issuer may alternatively elect to carry, at its expense, public liability insurance (including insurance against civil rights claims) with respect to the Project and the System in amounts not less than the limits of liability of the Idaho Tort Claims Act. In such event, such policies shall show the Issuer and all officers and employees thereof as a named insured.

(c) If an Event of Default occurs after the Trustee receives insurance proceeds and if not cured, any proceeds of insurance held by the Trustee shall be applied to the payment of amounts due under this Indenture.

Section 8.8. Conditions Precedent Satisfied. The Issuer represents and recites that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Indenture have happened and have been performed in regular and due time, form and manner as required by law, and that it is now duly empowered to execute and enter into this Indenture.

Section 8.9. No Duty to Mitigate Damages. The Trustee shall not be required to do any act or pursue any remedy or exercise any diligence whatsoever to mitigate the damages to the Issuer if an Event of Default shall occur hereunder.

Section 8.10. [Reserved].

Section 8.11. Continuing Disclosure. The Issuer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Issuer to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default under this Indenture; however, the Trustee as the dissemination agent under the Continuing Disclosure Agreement, may (and, at the request of any participating underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds and the provision of indemnity satisfactory to it, shall) or any Bondowner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer, as the case may be, to comply with its obligations under this Section.

Section 8.12. Maintenance and Operation of Project and System. The Issuer, at its expense, will maintain and operate the facilities constituting the Project and System or cause such facilities to be maintained and operated during their useful life, provided, however that the Issuer will not enter into any contract for the operation or maintenance of the Project or System which will cause the interest on the Bonds to be includable in gross income for federal income tax purposes. Further, the Issuer shall make such improvements and repairs to the System and Project and shall insure the System, including the Project, as may be necessary to insure its economical and efficient operation and its ability to meet demands for service. The Trustee shall have no duty or responsibility to monitor the Issuer's compliance with this Section 8.12.

Section 8.13. Covenant to Appropriate Funds. In order to provide for the security set forth in Section 2.10 above and for the purpose of making the payments of the Debt Service Requirements on the Bonds, the Issuer will, for each fiscal year under this Indenture, include in its next annual budget and appropriate for payment an amount of Subordinate Net Revenues which will be sufficient to make such Debt Service Requirements on the Bonds when due and payable, together with all other budgeted general fund expenditures.

Notwithstanding that payments on the Bonds are not subject to annual appropriation, the Issuer will cause its Treasurer and Financial Services Manager (or any other officer at any time charged with the responsibility of formulating budget proposals) to include in the budget proposals submitted to the City Council, in any year in which this Indenture shall be in effect, items for all payments required for the ensuing budget year under this Indenture. The Issuer will make available to the Trustee its annual budget promptly after the budget is adopted, together with a certified copy of the ordinance of the City Council adopting such budget and appropriating moneys necessary for the implementation of such budget. The Trustee shall be under no duty to receive or review any such budget or ordinance.

Section 8.14. Issuer's Covenant to Maintain System Rates and Charges.

A. Rates and Charges. Rates and charges for services rendered by the System shall be reasonable and just, taking into account the cost and value of the System, operation and maintenance expenses, possible delinquencies, proper allowances for depreciation, contingencies, and the amounts necessary to meet all Aggregate Debt Service Requirements. There shall be charged against all users, including the State and its subdivisions, as long as the Bonds are Outstanding, rates and charges sufficient to produce said Net Revenues and Pledged Excluded Revenues at least equal to 115% of the Aggregate Debt Service Requirements for the applicable Fiscal Year.

B. Levy of Rates and Charges. Prior to the delivery of the Bonds, the Issuer will establish and levy the required rates and charges. No reduction in any initial rate schedule may be made unless:

1. The Issuer has certified to the Trustee its compliance with the provisions of this Indenture for at least one (1) fiscal year immediately preceding such reduction; and,

2. The audits for the full one (1) Fiscal Year immediately preceding such reduction disclose that the estimated said Net Revenues and Pledged Excluded Revenues resulting from the proposed rate schedule, will be sufficient to meet the requirements of Section 8.14.A; or

3. A reduction is accomplished in accordance with the Issuer's agreements with airlines serving the Airport, provided that no such reduction will be permitted under this Section 8.14 which will produce Net Revenues and Pledged Excluded Revenues less than the minimum required under Section 8.14.A above.

The Trustee shall have no responsibility or duty to monitor the Issuer's compliance with this Section 8.14.

Section 8.15. Use of Subordinate Net Revenues. It is understood and agreed that the Issuer's Subordinate Net Revenues are intended to be used only for the Issuer's airport purposes and shall not be transferred to other funds of the Issuer for other purposes unless such transfer is permitted under Issuer's then current accounting policies and the transfer will not cause Issuer to default on its obligation to pay Debt Service Requirements hereunder and such transfer occurs not more often than once at the end of each Fiscal Year.

ARTICLE 9
EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

(a) Default in the due and punctual payment of any interest due on any Bond;

(b) Default in the due and punctual payment of the principal or Redemption Price, if any, of any Bond whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration, acceleration or otherwise;

(c) Default on the part of the Issuer in the performance or observance of any of the covenants, agreements or conditions in this Indenture or in the Bonds contained and the continuance thereof for a period of sixty (60) days after notice of such default has been provided to the Issuer in writing;

(d) Any representation or warranty made by the Issuer hereunder shall be untrue in any material respect as of the date made;

(e) The System becomes insolvent or the Issuer admits in writing on behalf of the System an inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for the System or a substantial part of its property; or in the absence of such application, consent, or acquiescence, a trustee or receiver is appointed for the System or a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement or moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the System and, if instituted against the System, is not dismissed within ninety (90) days;

(f) If judgment for the payment of money in an amount in excess of fifty percent of the budgeted Subordinate Net Revenues for the then current fiscal year shall be rendered against the Issuer chargeable against the Subordinate Net Revenues, and arrangements for the discharge of such judgment shall not be made within one hundred twenty (120) days of the entry thereof, or an appeal shall not be taken therefrom or from the order, decree of process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, or order, decrees or process or the enforcement thereof;

(g) If there is a final determination by the Internal Revenue Service (not subject to further review or approval), or an opinion of Counsel, that interest on the Bonds is not excluded from gross income for federal income tax purposes.

Section 9.2. Remedies. If any Event of Default occurs and is continuing, of which Event of Default a corporate trust officer of the Trustee has received written notice thereof at the address provided in Section 15.5 hereof from either the Issuer or the Owner of at least ten (10) percent of the aggregate Outstanding principal amount of the Bonds, other than the Events of Default described in Section 9.1(a) and (b) hereof, of which Events of Default the Trustee is deemed to have actual notice, the Trustee, acting for all of the Bondowners shall be entitled to all of the rights and remedies set forth in the Act, and to all of the rights and remedies otherwise permitted by law and this Article 9 of the Indenture. In the absence of such actual notice, the Trustee may conclusively presume that no Event of Default has occurred.

Section 9.3. Proceedings by Trustee. Upon the occurrence of any Event of Default of which the Trustee has actual notice as specified herein, the Trustee may, and shall, upon written request of the Bondowners of Bonds representing not less than fifty-one percent (51%) of the principal amount of unpaid Outstanding Bonds, exercise any or all of the following remedies:

A. Declare the unpaid principal then due, and any accrued interest, immediately due and payable from Subordinate Net Revenues

B. Pursue and exercise any other remedy available at law or in equity to enforce its rights under this Indenture, upon receipt of indemnity against anticipated expenses and liability to its satisfaction (which indemnity is a condition precedent to its duties under this Section 9.3.B).

The foregoing remedies are cumulative and the exercise of any of them shall not preclude the exercise of one or more of the others.

Section 9.4. Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any Event of Default is discontinued or is determined adversely to the Trustee, then the Issuer, the Trustee and the Bondowners shall be restored to their former positions and rights hereunder as though no such proceeding had been taken, but subject to the limitations of any such adverse determination.

Section 9.5. Bondowners May Direct Proceedings. Subject to the Trustee's right to the receipt of indemnity against anticipated expenses and liability to its satisfaction (which indemnity is a condition precedent to its duties under this Section 9.5), the Owners of fifty-one percent (51%) in principal amount of the Bonds Outstanding hereunder shall have the right to direct any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that such direction shall not be in conflict with any rule of law or with this Indenture or be unduly prejudicial to Owners not joining therein, and the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 9.6. Limitations on Actions by Bondowners. No Bondowners shall have any right to pursue any remedy hereunder unless:

A. The Trustee shall have been given written notice of an Event of Default;

B. The Owners of at least fifty-one percent (51%) in principal amount of the Bonds then Outstanding respecting which there has been an Event of Default shall have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names;

C. The Trustee shall have been offered indemnity satisfactory to it against costs, expenses and liabilities; and

D. The Trustee shall have failed to comply with such request within a reasonable time.

Section 9.7. Trustee May Enforce Rights Without Possession of Bonds. All rights under the Indenture and the Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Owners of the Bonds.

Section 9.8. Delays and Omissions Not to Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any Event of Default shall impair such right or power or be a waiver of such Event of Default and every remedy given by this Article may be exercised from time to time and as often as may be deemed expedient.

Section 9.9. Application of Money in Event of Default. Any money received by the Trustee under this Article 9 shall be applied:

First: To the payment of all amounts due the Trustee under Section 10.4 hereof;

Second: To the payment of interest on, and then principal of, the Senior Bonds

Third: To the payment of interest then owing on the Bonds; and

Fourth: To the payment of principal or redemption price on the Bonds.

The surplus, if any, shall be paid to the Issuer or the person lawfully entitled to receive the same as a court of competent jurisdiction may direct.

ARTICLE 10
THE TRUSTEE

Section 10.1. Acceptance of Trust. The Trustee accepts and agrees to execute the trusts hereby created, but only upon the additional terms set forth in this Article 10, to all of which the Issuer, and the Bondowners agree.

Section 10.2. No Responsibility for Recitals, Etc. The recitals, statements and representations in the Indenture or in the Bonds, save only the Trustee's certificate of authentication upon the Bonds, have been made by the Issuer and not by the Trustee; and the

Trustee shall be under no responsibility for the correctness thereof (excluding said certificate of authentication), and shall have no liability or responsibility to any person for the due execution, legality, validity, enforceability, genuineness, effectiveness or sufficiency of this Indenture or the Bonds. The permissive rights of the Trustee shall not be construed as duties. The Trustee shall have responsibility for the use of Bond proceeds disbursed by it in accordance with the terms of this Indenture.

The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

The Trustee, or any of its affiliates, in any capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondowner may be entitled to take with like effect as if it were not Trustee. The Trustee, or any of its affiliates, in any capacity, may also engage in or be interested in any financial or other transaction with the Issuer and may act as depository, trustee or agent for any committee of Bondowners secured hereby or other obligations of the Issuer as freely as if it were not Trustee.

No provision of this Trust Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Notwithstanding anything to the contrary contained herein, the Trustee shall have no duty, and nothing herein shall be read to confer or imply that the Trustee has standing, to assert any claims under the federal securities laws on behalf of any Owners, or Beneficial Owners, or any class thereof. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the existence, furnishing or use of the System or the Airport, even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee shall have no duty to ascertain or inquire as to the performance or observance by the Issuer of any of the terms, conditions or covenants of any other agreement to which the Issuer is a party.

The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and the final payment or the defeasance of the Bonds (or the discharge of the Bonds or the defeasance of the lien of this Indenture).

Section 10.3. Trustee May Act Through Agents; Answerable Only for Negligence or Willful Misconduct. The Trustee may exercise any powers hereunder and perform any duties required of it through attorneys, agents, officers or employees, and shall be entitled to advice of Counsel concerning all questions hereunder and shall not be liable for any action taken

or not taken by it in good faith in accordance with the advice of such Counsel (other than officers or employees of the Trustee). The Trustee shall not be liable for following any instruction that it is directed to follow hereunder or upon which it is entitled to rely hereunder, or for the exercise of any discretion or power under this Indenture nor for anything whatever in connection with the trust hereunder, except only its own negligence or willful misconduct or that of its agents, officers or employees.

Section 10.4. Compensation and Indemnity.

(a) The Issuer shall indemnify, defend and hold harmless the Trustee, its directors, employees, agents and affiliates (the "Indemnitees") from all loss, liability, claims, proceedings, suits, demands, penalties, costs and expenses, including without limitation the costs and expenses of outside and in house counsel and experts and their staffs and all expenses of document location, duplication and shipment and of preparation to defend any of the foregoing ("Losses"), that may be imposed on, incurred by or asserted against any Indemnitee in respect of (a) the Indenture or any document related thereto, (b) the Trustee's execution, delivery and performance of the Indenture, except in respect of any Indemnitee to the extent such Indemnitee's negligence or bad faith primarily caused the Loss, and (c) any instruction or other direction upon which the Trustee may rely under the Indenture. The Indemnitees shall have a right of payment prior to the Owners from property held or collected by the Trustee hereunder for the payment of all amounts due them in respect of the foregoing indemnity and any other fees or expenses at any time owing any Indemnitee. The provisions of this Section shall survive the resignation or removal of the Trustee for any reason and the termination of this Indenture.

(b) The Issuer shall pay the Trustee its agreed to fees for acting as Trustee under the Indenture and will reimburse the Trustee for its ordinary, necessary and reasonable expenses incurred in carrying out the terms of the Indenture. Such fees and reimbursements of expenses shall be paid directly to the Trustee promptly upon receipt of periodic invoices therefor.

In the event the Trustee is required by the terms of the Indenture or otherwise deems it necessary or advisable in fulfillment of its fiduciary responsibilities thereunder to take actions beyond those which are routinely performed by corporate trustees under similar indentures, the Issuer also shall pay the Trustee its reasonable fees for its services in such regard and will reimburse the Trustee for ordinary and necessary expenses incurred by the Trustee in connection therewith. Such fees and reimbursements of expenses shall be paid directly to the Trustee promptly upon receipt of any such charges and during the pendency of any dispute the Issuer shall not be deemed in default of the foregoing covenant by reason of its failure to have paid the portion of such charges so disputed.

Section 10.5. Notice of Default; Right to Investigate. The Trustee shall, within thirty (30) days after the Trustee's receipt of actual notice thereof, give written notice by first-class mail to Registered Owners of Bonds of all defaults known to the Trustee and send a copy of such notice to the Issuer unless such defaults have been remedied (the term "defaults" for purposes of Section 9.5 and Section 9.6 hereof being defined to include the events specified in Section 8.1 hereof, not including any notice or periods of grace provided for therein); provided that, except in the case of a default under Clauses (a) or (b) of Section 9.1, the Trustee may withhold such notice so long as it in good faith determines that such withholding is in the interest of the Bondowners. The Trustee shall not be deemed to have notice of any default under Clauses (c) through (g) of Section 9.1 hereof unless it has actual knowledge thereof as described in Section 9.2 hereof or has been notified in writing of such default by the Owners of at least fifty-one percent (51%) in principal amount of the Bonds then Outstanding. The Trustee may, however, at any time require of the Issuer full information as to the performance of any covenant hereunder; and, if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made an investigation into the affairs of the Issuer related to this Indenture.

Section 10.6. Duties and Responsibilities. Except during the continuance of an Event of Default of which the Trustee has actual notice as provided herein, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee and in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates and opinions furnished to the Trustee and conforming to the requirements of this Indenture. If any such Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and remedies vested in it by this Indenture and shall use the same degree of care in their exercise as a prudent person would exercise or use in the circumstances in the conduct of his or her own affairs; provided, that if in the opinion of the Trustee such action may tend to involve expense or liability, it shall not be obligated to take such action unless it is furnished with indemnity satisfactory to it.

Section 10.7. Reliance on Documents, Etc. The Trustee may rely upon any consent, waiver, certificate, statement, affidavit, voucher, bond, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of the Indenture; and the Trustee shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement. The Trustee shall have the right to consult with counsel and to rely on legal opinions delivered to it.

Section 10.8. Construction of Ambiguous Provisions. The Trustee may construe or may at the expense of the Issuer, upon the prior consent of the Issuer which shall not be unreasonably withheld, request an opinion of Counsel acceptable to Issuer and Trustee as to any ambiguous or inconsistent provisions of this Indenture, and any such construction by the Trustee shall be binding upon the Bondowners. Notwithstanding anything to the contrary contained herein, in any instance where the Trustee determines that it lacks or is uncertain as to its authority to take or refrain from taking certain action, or as to the requirements of this Indenture under any circumstance before it, it may delay or refrain from taking action unless and until it has received instructions from the Issuer or advice from legal counsel (or other appropriate advisor), satisfactory to it in its sole discretion, as the case may be.

Section 10.9. Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by this Indenture by written resignation filed with the Clerk of the Issuer not less than sixty (60) days before the date when it is to take effect. Such resignation shall take effect only upon the appointment of a successor trustee.

If no successor trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid and the Issuer or Bondowners do not appoint a successor under Section 10.11 hereof, the incumbent Trustee, at the Issuer's expense, or any Bondowner (on behalf of himself and all other Bondowners) may petition any court of competent jurisdiction for the appointment of a successor trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor trustee.

Section 10.10. Removal of Trustee. The Trustee may be removed (i) at any time, following at least thirty (30) days written notice, by an instrument or concurrent instruments in writing, filed with the Trustee and the Issuer, and signed by the Bondowners representing a majority in aggregate principal amount of the Bonds then Outstanding or their attorneys in fact duly authorized, excluding any Bonds held by or for the account of the Issuer, or (ii) by the Issuer at any time, following at least thirty (30) days written notice, except during the continuance of an Event of Default for such cause as shall be determined in the sole discretion of the Issuer, by filing with the Trustee notice of removal in the form of a certificate of the Issuer. In no event, however, shall such removal take effect until a successor trustee has been appointed pursuant to Section 10.11 of this Indenture.

Section 10.11. Appointment of Successor Trustee. If the Trustee or any successor trustee resigns or is removed (other than pursuant to Section 10.10 hereof) or is dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, a vacancy shall forthwith exist in the office of the Trustee, and the Issuer shall appoint a successor. If the Issuer fails to make such appointment within thirty (30) days after the date notice of resignation is filed, the owners of a majority in principal amount of the Bonds then Outstanding may do so.

Section 10.12. Qualification of Successor. A successor trustee shall be a national or state-chartered bank with trust powers or a bank and trust company or a trust company, in each case having capital and surplus of at least $50,000,000, if there be one able and willing to accept the trust on reasonable and customary terms.

Section 10.13. Instruments of Succession. Any successor trustee shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder; and thereupon such successor trustee, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named as Trustee herein. The Trustee ceasing to act hereunder shall pay over to the successor trustee all money held by it hereunder; and, upon request of the successor trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to the successor trustee all the estates, properties, rights, powers and trusts hereunder of the trustee ceasing to act.

Section 10.14. Merger of Trustee. Any company or association into which any Trustee hereunder may be merged or converted or with which it may be consolidated, or any company or association resulting from any merger, conversion or consolidation to which any Trustee hereunder shall be a party, or any company or association to which the Trustee may sell or transfer all of, or substantially all of its municipal corporate trust business, provided in each case such company shall be eligible under Section 10.12 hereof, shall be the successor trustee under this Indenture, without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE 11
ACTS OF BONDOWNERS; EVIDENCE OF OWNERSHIP OF BONDS

Section 11.1. Actions of Bondowners; Evidence of Ownership. Any action to be taken by Bondowners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Bondowners in person or by an agent appointed in writing. The fact and date of the execution by any person of any such instruments may be proved by acknowledgement before a notary public or other officer empowered to take acknowledgements or by an affidavit of a witness to such execution. Any action by the Owner of any Bond shall bind all future owners of the same Bond in respect of anything done or suffered by the Issuer or the Trustee in pursuance thereof.

ARTICLE 12
AMENDMENTS AND SUPPLEMENTS

Section 12.1. Amendments and Supplements Without Bondowner's Consent. This Indenture may be amended or supplemented at any time and from time to time, without the consent of Bondowners, by a supplemental indenture authorized by a Certified Resolution filed with the Trustee, for one or more of the following purposes:

A. To add additional covenants of the Issuer or to surrender any right or power herein conferred upon the Issuer; and

B. To cure any ambiguity or to cure, correct or supplement any defective provision of this Indenture in such manner as shall not be inconsistent with this Indenture and shall not impair the security hereof or adversely affect the Bondowners.

A copy of any such amendment shall be sent by the Issuer to each Rating Agency.

Section 12.2. Amendments with Bondowners' Consent. This Indenture may be amended from time to time, except with respect to (1) the principal or interest payable upon any Bond, (2) the dates of maturity or redemption provisions of any Bonds, and (3) this Article 12,

by a supplemental indenture approved by the Owners of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding.

A copy of any such amendment shall be sent by the Issuer to each Rating Agency.

ARTICLE 13
DEFEASANCE

Section 13.1. Defeasance. When the principal or Redemption Price (as the case may be) of, and interest on, all Bonds issued hereunder have been paid together with all fees and expenses of the Issuer and the Trustee, as provided in the Act and in this Section 13.1, or provision has been made for payment of the same, together with all other sums payable hereunder by the Issuer, as provided in the Act and in this Section 13.1, then the Trustee's lien on the Subordinate Net Revenues hereunder shall thereupon cease and the Trustee, on demand of the Issuer, shall release this Indenture in respect thereto and shall, at the Issuer's expense, execute such documents to evidence such release as may be reasonably required by the Issuer and shall turn over to the Issuer or its assigns all balances then held by it hereunder not required for the payment of the Bonds and such other sums. If the principal or Redemption Price (as the case may be) of, and interest on, any of the Bonds issued hereunder has been paid, or provision has been made for the payment of the same in the manner stipulated therein and in this Indenture, then such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and all covenants, agreements and obligations of the Issuer with respect to payment of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. Investments deposited to a fund for purposes of defeasance and payment of the Bonds shall be Defeasance Securities.

It shall be a condition of any such defeasance of Bonds through the deposit of monies or Defeasance Securities by the Issuer in a special fund or through the issuance of refunding bonds, that the Issuer has obtained and delivered to the Trustee: (i) an opinion of bond counsel that such Bonds have been legally defeased under this Indenture and that such refunding or defeasance shall not affect the exclusion of interest on the Bonds from gross income for the purpose of federal income taxes; and (ii) a verification report of independent certified public accountants.

ARTICLE 14
FORM OF BONDS

Section 14.1. Form of Bonds. The 2015 Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF IDAHO

Registered No. ________ $_________________

CITY OF BOISE CITY, IDAHO
AIRPORT REVENUE BOND, SERIES 2015
(Aircraft Maintenance Facilities Project)

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
__________________	__________________	August 11, 2015	__________________

REGISTERED OWNER: ** CEDE & CO. **

PRINCIPAL AMOUNT: ______________________________ AND NO/100 DOLLARS

KNOW ALL MEN BY THESE PRESENTS: The City of Boise City, Idaho (the "City"), for value received, promises to pay from its Subordinate Net Revenues as defined in the Indenture (hereinafter defined) deposited to the "Bond Fund" as defined in the Trust Indenture (the "Indenture") dated as of August 1, 2015, between the City and Zions First National Bank, as Trustee ("Trustee") and approved by Ordinance No. 27-15, adopted by the City on June 23,, 2015 (the "Ordinance"), 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 March 1, 2016, 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 Trustee (the "Bond Register") maintained by the Trustee. Interest shall be paid by the Trustee 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 Trustee. 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 Trustee.

This Bond is one of a duly authorized issue of Bonds of like date, tenor, and effect, except for variations required to state numbers, denomination, rates of interest, and dates of maturity, aggregating $12,665,000 in principal amount, and is issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly, Article VIII, Section 3E of the Constitution; the Revenue Bond Act, Sections 50-1027 through 50-1042,

inclusive, Idaho Code; and Section 21-401, Idaho Code, and proceedings duly adopted and authorized by the City, and more particularly the Ordinance and Indenture. This Bond and the Bonds of this issue are issued for the purpose of financing the costs of acquisition of certain aircraft maintenance facilities at the Boise Air Terminal/Gowen Field, as more fully described in the Indenture, required funding of the Reserve Fund, and payment of the costs of issuance of the Bonds.

The 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 Trustee for registration of transfer, exchange or payment, and any Bond issued 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 Indenture. The ownership of this Bond must be registered upon the books of the Trustee as provided in the Indenture. The Trustee may treat the registered owner hereof as the absolute Owner hereof for all purposes, and the Trustee shall not be affected by any notice to the contrary.

The Bonds maturing on or before September 1, 2025, shall not be subject to call for optional redemption prior to their stated dates of maturity. On any date on or after September 1, 2025, at the election of the Issuer, the 2015 Bonds maturing on and after September 1, 2026, 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 Bonds with the maturity date of September 1, 2040, 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:

Redemption Date September 1	Principal Amount $
2036	650,000
2037	675,000
2038	705,000
2039	730,000
*2040	760,000

*Final maturity

This Bond creates a first lien and charge upon the Subordinate Net Revenues of the City and on a parity with any additional bonds or other obligations permitted under the Indenture, subordinate to the City's Airport Revenue Refunding Bonds, Series 2011 (Air Terminal Facilities Project), Airport Revenue Bonds, Series 2012 (Parking Facilities Project) (collectively, the "Senior Bonds") and any obligations on a parity with the Senior Bonds. This Bond is a limited obligation of the City and is payable as to principal and interest solely from Subordinate Net Revenues deposited to the Bond Fund and from the earnings thereon, and the Project Fund and Reserve Fund under conditions described in the Indenture. For a more particular description of said Bond Fund, Reserve Fund, Project Fund, the monies to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the Indenture pursuant to which this Bond is issued and such funds will be maintained.

Reference is hereby made to the Indenture for the covenants and declarations of the City and other terms and conditions under which this and the Bonds of this issue have been issued. Any capitalized terms used in this Bond and not defined shall have the meaning as defined in the Indenture.

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

THIS BOND IS A LIMITED OBLIGATION OF THE CITY, PAYABLE SOLELY FROM THE SUBORDINATE NET REVENUES AS DEFINED IN THE INDENTURE. 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 Subordinate Net Revenues have been and are hereby pledged, subordinate to the Senior Bonds and any obligation on a parity therewith, and on a parity with any additional bonds or obligations permitted under the Indenture and will be paid over to the Trustee for deposit into the Bond Fund in amounts sufficient for the payment of principal of and interest on this Bond. Only the Subordinate 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 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 Boise City, 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 August, 2015.

CITY OF BOISE CITY, IDAHO

By: ______________________________
Mayor

COUNTERSIGNED:

By: ______________________________
Treasurer

ATTEST:

By: ______________________________
City Clerk

SEAL

CERTIFICATE OF AUTHENTICATION

This Bond is one of City of Boise City, Idaho, Airport Revenue Bonds, Subordinate Series 2015 (Aircraft Maintenance Facilities Project), described in the within mentioned Indenture.

Date of Authentication: _______________, 2015

ZIONS FIRST NATIONAL BANK, AS TRUSTEE

By: ______________________________
Authorized Signatory

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).

[End of Bond Form]

ARTICLE 15
MISCELLANEOUS PROVISIONS

Section 15.1. No Personal Recourse. No recourse shall be had for any claim based on the Indenture or the Bonds, including but not limited to the payment of the principal or Redemption Price of, or interest on, the Bonds, against any officer, agent or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise.

Section 15.2. Deposit of Funds for Payment of Bonds. If the Issuer deposits with the Trustee funds sufficient to pay the principal or Redemption Price of any Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, all interest on such Bonds shall cease to accrue on the due date, subject to the provisions of Section 13.1 hereof and all liability of the Issuer with respect to such Bonds appertaining thereto shall likewise cease, except as hereinafter provided. Thereafter the Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds and the Trustee shall hold such funds in trust for such Owners.

Money so deposited with the Trustee which remains unclaimed at the time of final payment of the Bonds shall be paid to the Issuer subject to then applicable state law and upon receipt by the Trustee of indemnity satisfactory to it; and the Owners of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Issuer to the extent that the Issuer benefited from said funds.

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if funds sufficient to pay the principal and interest accrued thereon to such date shall have been made available to the Trustee for the benefit of the Owner thereof, the Trustee shall hold such principal and interest accrued thereon to such date, without liability to the Owner or Issuer for further interest thereon, for the benefit of the Owner of such Bond, for a period of one year from the date such Bond shall have become due, either at maturity or upon earlier redemption or otherwise, and thereafter the Trustee shall remit such funds to the Issuer; provided that the Trustee shall remit such funds on or after July 1 of any such year. Unless a demand is received by the Trustee not later than ninety (90) days (or such shorter period as shall be acceptable to the Trustee, in its sole discretion) prior to the date that the Trustee intends to take any action pursuant to this sentence, for the return to the Issuer of any unclaimed funds held by the Trustee hereunder, to which the Issuer is entitled to hereunder, the Trustee shall from time to time use reasonable efforts to deliver unclaimed funds pursuant to any applicable escheat laws, regulations, rules and procedures of any relevant escheat authority, including without limitation in accordance with Title 14, Chapter 5, Idaho Code, as amended, (the identity of which shall be determined by the Trustee in its sole discretion) to such authority or any representative or agent acting on behalf of any such authority and in accordance with the Trustee's and/or such representative's or agent's customary practices or procedures, after making such efforts to find any persons entitled to such funds as may be required by applicable law or as the Trustee, in its sole discretion, may decide to undertake. After any payment to the Issuer or any relevant escheat authority, as applicable, the Trustee's liability for payment to the Registered Owner of such Bond shall forthwith cease, terminate and be completely discharged and thereafter the Registered Owner shall be restricted exclusively to his or her rights of recovery provided under applicable law.

Section 15.3. No Rights Conferred on Others. Nothing herein contained shall confer any right upon any person other than the parties hereto, the Owners of the Bonds.

Section 15.4. Illegal, Etc. Provisions Disregarded. In case any provision in this Indenture or the Bonds shall for any reason be held invalid, illegal or unenforceable in any respect, this Indenture shall be construed as if such provision had never been contained herein.

Section 15.5. Notices to Trustee, Issuer and Rating Agency. Any notice to or demand upon the Issuer, Rating Agency or the Trustee shall be deemed to have been sufficiently given or served for all purposes by having been sent by certified mail, by a recognized overnight delivery service, by telegram or by telephone or telefax confirmed in writing, and addressed to the parties, respectively, at the following addresses:

If to Trustee:	Zions First National Bank Corporate Trust 800 W. Main Street, Ste 700 Boise, ID 83702 Attn: Twyla D. Lehto, Senior Vice President

If to Issuer:	City of Boise City 150 N. Capitol Blvd. Boise, ID 83702 Attn: City Treasurer
If to Rating Agency:	Moody's Investors Service 99 Church Street New York, NY 10007
	Fitch Ratings, Inc 33 Whitehall Street New York, NY 10004

In addition the Rating Agency shall receive notice from the Trustee in the following cases: (1) any change of the Trustee, (2) any changes proposed to this Indenture, (3) any redemption or defeasance of the Bonds under this Indenture and (4) any acceleration of the Bonds under this Indenture.

Section 15.6. Successors and Assigns. All the covenants, promises and agreements in this Indenture contained by or on behalf of the Issuer, or by or on behalf of the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 15.7. Headings for Convenience Only. The descriptive headings in this Indenture are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 15.8. Counterparts. This Indenture may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; and such counterparts shall together constitute but one and the same instrument.

Section 15.9. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall not be a Business Day, then payment of interest or principal or redemption price need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest on such payment shall accrue for the period after such date.

Section 15.10. Applicable Law. This Indenture shall be governed by and construed in accordance with the laws of the State of Idaho.

Section 15.11. Force Majeure. Notwithstanding any other provision of this Indenture, the Trustee shall not be obligated to perform any obligation hereunder and shall not incur any liability for the nonperformance or breach of any obligations hereunder to the extent that the

Trustee is delayed in performing, unable to perform or breaches such obligation because of acts of God, war, terrorism, fire, floods, strikes, electrical outages, equipment or transmission failures, or other causes reasonably beyond its control, it being understood that the Trustee shall use commercially reasonable efforts consistent with accepted practices for corporate trustees to maintain performance without delay or resume performance as soon as reasonably practicable under the circumstances.

Section 15.12. Electronic Communications. The Trustee shall have the right to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the instructions or directions shall be signed by a person as may be designated and authorized to sign for the Issuer by an Designated Representative, who shall provide to the Trustee an incumbency certificate listing such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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IN WITNESS WHEREOF, the Issuer has caused this Indenture to be executed by its Mayor and Chief Deputy City Clerk and the Trustee has caused this Indenture to be executed by one of its Authorized Officers, all as of the day and year first above written.

CITY OF BOISE CITY, IDAHO
As Issuer

By: ______________________________
Mayor

ATTEST:

By: ______________________________
City Clerk

ZIONS FIRST NATIONAL BANK, As TRUSTEE

By: ______________________________
Vice President

EXHIBIT A

DESCRIPTION OF PROJECT

Hangar Facility

This component of the Project consists of the construction of a 204,500 SF aircraft maintenance hangar with accessory offices. The hangar site at 1600 West Gowen Road, Boise, Idaho, is on previously, undeveloped airport property southeast of the airfield. The hangar finish floor elevation is 2,863 and the highest point on the hangar is 80' above finish floor. The hangar construction will be a pre-engineered steel building. The hangar construction will include an 80,300 SF aircraft parking apron on the north side and a 103 stall parking lot on the south side. Access to the hangar will be a new 300' driveway connecting directly onto Gowen Road. The hangar work will also include the construction of all interior partitions, doors, hardware and finishes for the office and support spaces, complete mechanical HVAC systems for the hangar and office areas, plumbing systems and electrical connections. The proposed hangar is outside the RPZ and all TERP surfaces. There are no impacts or changes to NAVAIDS, flight procedures, aircraft traffic, or airport capacity associated with this project component. Storm water from the hangar development will be disposed in retention ponds adjacent to the project site.

Airport Vehicle Service Road

This component of the Project consists of the construction of an approximately 1700' by 25' airport vehicle service road. The vehicle service road will connect the Hangar Facility to the existing airport vehicle service road. The vehicle service road will be constructed of asphaltic concrete. Storm water run-off from the roadway will be collected and directed into the existing airfield storm water collection system. The roadway construction will use existing material sources adjacent to the Airport.

EXHIBIT B

FORM OF REQUISITION - 2015 BONDS

City of Boise City, Idaho
Airport Revenue Bonds, Subordinate Series 2015
(Aircraft Maintenance Facilities Project)

REQUISITION PURSUANT TO TRUST INDENTURE

Zions First National Bank
Corporate Trust
800 W. Main Street, Ste 700
Boise, ID 83702
Attn: Twyla D. Lehto, Senior Vice President

The undersigned, who is authorized to make such request under Section 3.2 of the Trust Indenture, dated as of August 1, 2015 (the "Trust Indenture"), between Zions First National Bank, as Trustee ("Trustee") and the City of Boise City, Idaho (the "Issuer"), hereby requests the Trustee as follows:

1. Requisition Number ________________________

2. Payment is due to: See Attached Schedule.

3. The amount to be disbursed is: $____________________.

4. The obligation mentioned above for which payment is requested in this Requisition is due, is a proper charge against the Project Fund and has not been previously paid from said Fund or from the proceeds of the Bonds.

5. All of this requested payment is for Costs of Acquisition of the Project, and, except for payment for costs of issuing the Bonds in the amount of $________, with no more than $146,950 from proceeds of the Bonds and utilizing the Issuer's contribution of $53,050, such remaining portion will result in the transfer of the Project.

6. Issuer shall provide to the Trustee a completed IRS Form W-9 for each payee that does not currently have an IRS Form W-9 on file with the Trustee.

Attachments: ____

DATED: ___________________________

____
Issuer Authorized Officer

Terms used herein shall be as defined in the Trust Indenture.

APPENDIX C

AUDITED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2014

NOTE: The attached financial statements are the City's general purpose financial statements and show all City funds, many of which are not legally available for payment of the Subordinate Series 2015 Bonds. Only the Net Revenues, as described in this Official Statement, are pledged to the payment of the Subordinate Series 2015 Bonds, which Net Revenues are derived from amounts deposited to and accounted for in the City's Airport Enterprise Fund.

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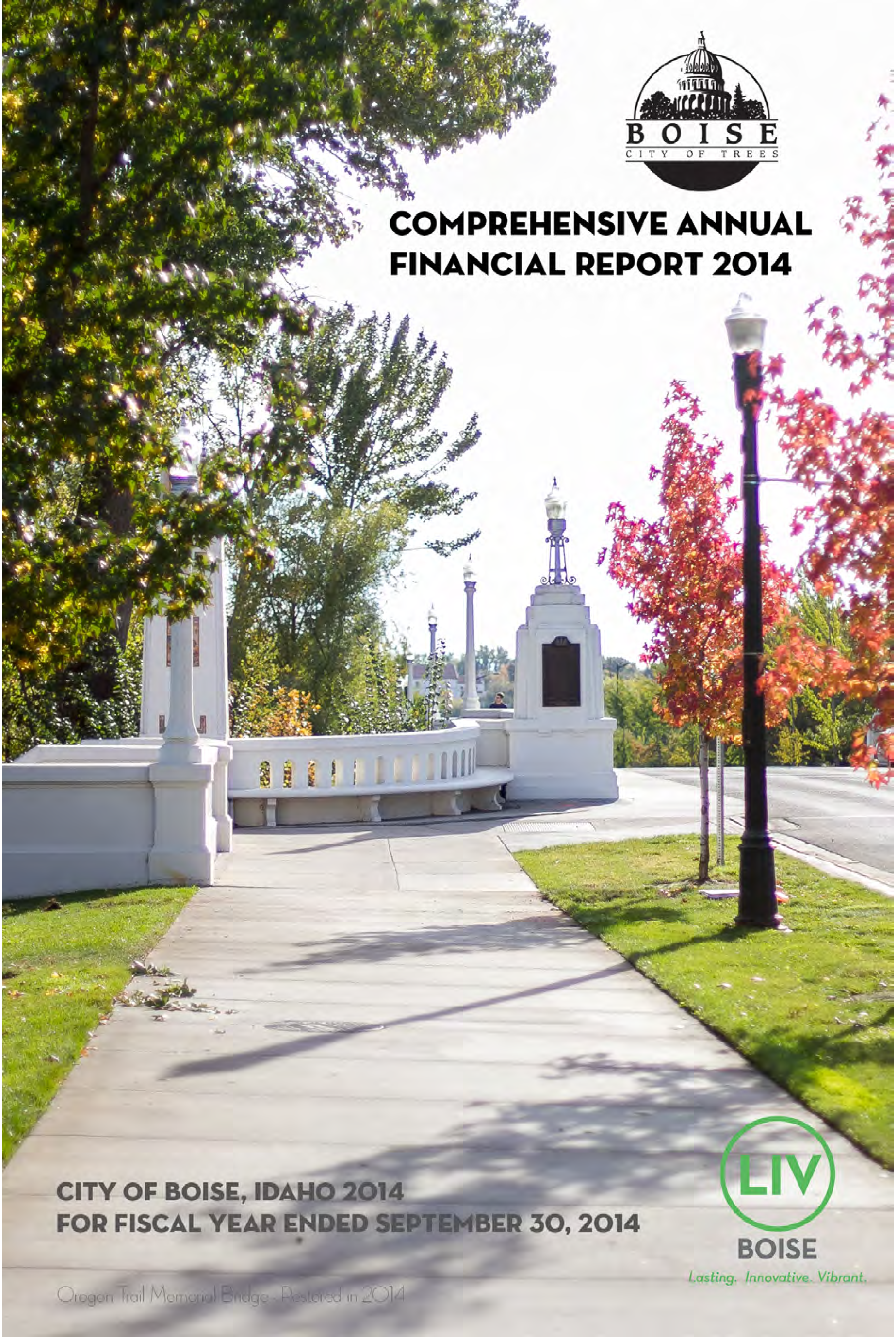
BOISE
CITY OF TREES

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2014



CITY OF BOISE, IDAHO 2014
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2014

LIV
BOISE
Lasting. Innovative. Vibrant.

Oregon Trail Memorial Bridge - Restored in 2014

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Lynda Lowry
CFO & Director

Division of Financial Services

Boise City Hall
150 N. Capitol Boulevard

Mailing Address
P. O. Box 500
Boise, Idaho 83701-0500

Phone
208/384-3710

Fax
208/384-3711

TDD/TTY
800/377-3529

Web
www.cityofboise.org

Finance & Administration

Division of Financial Services

March 20, 2015

Honorable Mayor,
Members of the City Council,
Citizens of Boise City,
and our Valued Employees

The Department of Finance & Administration is pleased to transmit the Comprehensive Annual Financial Report (CAFR) for the City of Boise for the fiscal year ending September 30, 2014. The audit was performed by the independent firm Eide Bailly LLP in accordance with generally accepted governmental auditing standards. Under State law, copies of these audited financial statements will be submitted to the Idaho Legislative Council.

Responsibility, both for the accuracy of the information presented and the completeness and fairness of its presentation, is vested in the City. Management believes that the data as presented is accurate in all material respects; that the report is presented in a manner designed to fairly set forth the financial activity of the City's various funds; and that all disclosures necessary have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

Management of the City of Boise has established a comprehensive internal control framework designed both to protect the government's assets from loss, theft, or misuse and to compile reliable information for preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Boise are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Boise's financial statements for the fiscal year ended September 30, 2014, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component in the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on those involving the administration of federal awards. These reports are contained in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of City Government

The City of Boise was chartered in 1866 under the laws of the Territory of Idaho. Since 1961, the City has been governed through a Mayor-Council form of government. Pursuant to City Code, the Mayor is the Chief Executive Officer (CEO) of the City and directs its operations, participating with a six-member City Council in developing policy. The Mayor and City Council members are elected at large by popular vote. The six members of the City Council work part-time, holding budget and policy-setting authority for the City. The Chief of Staff to the Mayor and all department directors comprise the Executive Management Team (EMT). This group recommends budget and operational priorities to the Mayor and City Council.

The city limits enclose an area of approximately 84 square miles. The City's Area of Impact is approximately 118 square miles. The Area of Impact is the planned potential size of the city urban service area approved by the county commissioners. COMPASS of Southwest Idaho estimated the 2014 population of Boise to be 217,730.

Boise City provides the following services: public safety (police and fire), parks and recreation, libraries and culture (arts and history), community services (planning and development services), aviation, public works, cemetery, downtown on-street parking services, and general government. The City streets and sidewalks are owned and maintained by the Ada County Highway District. The City provides transportation services through a contract with Valley Regional Transit and animal services through a contract with the Idaho Humane Society.

The financial report also includes two component entities due to their close relationship with the City. The financial statements of Boise City's redevelopment agency, the Capital City Development Corporation (CCDC), are reported separately. The Harris Ranch Community Infrastructure District No. 1 assets, liabilities, fund balance, revenues, and expenditures are blended into the City's financial statements. Additional information on both entities can be found in the notes to the financial statements.

Factors Affecting the City's Economic Condition

The information presented in the financial statements is best understood when considered from the broader perspective of the specific environment within which the City of Boise operates.

Local economy: Boise is the center of business and government activity within the State of Idaho, serving as its economic hub. It provides financial, medical, and commercial services for southern Idaho and part of eastern Oregon. Corporate headquarters of several major firms historically have contributed to fiscally balance Boise's economy with a healthy mix of business, technology, education, health care, retail, manufacturing, government, military, and professional sectors.

Figures provided by the Idaho Department of Labor indicate the labor market has continued to improve. At the beginning of FY 2014, the Boise Metropolitan Statistical Area had an unadjusted unemployment rate of 5.3% and a total nonfarm employment of 279,000 willing workers. In the following twelve months, the unadjusted unemployment rate decreased to 3.3% with nonfarm employment increasing to 285,200.

Construction activity in FY 2014 showed positive economic growth indications; both in the number of permits issued and in total valuation. During FY 2014, 18,268 permits were issued – 10.8% more than the 16,493 issued in FY 2013. Total permit valuation increased from $361 million to $433 million during the same period – a 19.9% increase. Further analysis concerning construction activity is addressed later in the General Fund revenues section of this report.

Air passenger traffic at the Boise Airport is an important economic indicator. During FY 2014, passenger volumes increased by 3.2% compared to FY 2013. This increase in passenger traffic was higher than the original projected amount of 1.2% for the fiscal year. Some new flights were added in FY 2014, such as the United Airlines nonstop flight to Houston, and the Alaska Airlines nonstop flights to San Diego and Salt Lake City.

Long-term financial planning: Guidelines of the Government Finance Officers Association formally recommend that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular operating revenues. As of September 30, 2014, the City's General Fund met the minimum recommended standard.

The City's Strategic Planning process has produced an effective tool for implementing efficiencies and improving the effectiveness of daily municipal operations. The City uses the ongoing Operational Progress Report component of the Strategic Plan to establish objectives at a departmental level to assure achievement of the City's strategic goals. These department objectives are supported by action steps that describe how and when the work plan will be implemented. The Strategic Planning process is directly tied to the formation of the City's biennial budget.

Relevant Financial Policies

The City has adopted a broad set of financial policies and procedures that are contained within a Business Operations Manual. Major categories within the Manual include: financial reporting, budget, purchasing, cash and investment management, credit and debt, and reserve and revenue policies. These policies have been reviewed by the City's Executive Management Team and approved by City Council.

Major Initiatives and Accomplishments

- The City, led by key City Council sponsors Lauren McLean, David Eberle, and Elaine Clegg, underscored our long-standing commitment to sustainability and renewed it through a series of new initiatives under the title LIV Boise. Livability is our vision – our "why" – and LIV (creating Lasting environments, cultivating Innovative enterprises and building Vibrant communities) is our mission – our "how." During the June Budget Workshop, the Council approved funding for several projects to take our sustainability efforts to the next level through three policy areas consisting of Community, Economy, and Environment.
- One key LIV project launched this year, Build Boise, consists of three initiatives: Redefine Downtown, a new way to look at downtown Boise; Connect Our Community, efforts to make it easier to walk, bike, and use transit across the city; and Energize Our Neighborhoods, an effort to revitalize neighborhoods throughout the city.
- The first of the Energize Our Neighborhoods projects got under way in the Vista area to improve housing and transportation choices, enhance economic development and crime prevention activities, create neighborhood art and place making projects, and implement innovative sustainability efforts. The program also includes an early-childhood education initiative, sponsored by the City and run by a professional operator, to provide preschool for at-risk children in the Vista neighborhood.
- The City Council, led by Council Member TJ Thomson, approved the Boise Healthy Child Care Initiatives, changes to the City's child-care ordinance aimed at improving health and reducing childhood obesity through benchmarks for nutrition, the amount of daily physical activity, and the amount of screen time that children receive each day while in the care of a City-licensed child care facility.
- SkyWest Airlines is building a new maintenance facility on the Airport that will employ 80 to 100 people. The new facility is estimated to cost $19.5 million and will open in late September 2015.
- The Boise Airport is in the process of transitioning to its new concession program that will offer more local offerings. The concession program is slated to be fully transitioned by mid-summer 2015.
- The Planning & Development Services Department launched a pilot program to help business owners hoping to open, renovate, or relocate their companies' downtown. The "Downtown Business Assistance Initiative" will help business owners navigate the City's permit process by explaining required permits and identifying potential issues early in the permitting process.
- In parallel, the City moved forward on a Downtown Housing Incentive Program, which will encourage the development of 1,000 additional residential units over the next five years in the core and give Boise a true 24/7 downtown.

- Quail Hollow Golf Course became the Parks & Recreation Department's second municipal golf course after course owner Dave Hendrickson agreed to donate the 140-acre, 18-hole semi-private course, equipment, and club house to the City of Boise. Like the Warm Springs Golf Course, Quail Hollow is financially self-sustaining.
- Through the generosity of Grossman Company Properties, the City obtained a new 12.6-mile trail easement linking Polecat Gulch Reserve to the Boise Front, providing long-awaited trail connectivity from Northwest Boise to the Shafer Butte trail system at Bogus Basin.
- The City also acquired the former Franklin Elementary School site for a new, much-needed neighborhood park on the Bench.
- The landscape of downtown continued to bloom, with the opening of the Eighth & Main (Zions Bank) tower, continued progress on JUMP (Jack's Urban Meeting Place) at the foot of the Connector, and groundbreaking of the City Center Plaza, including the long-awaited multi-modal center.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Boise for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. This is the 19th consecutive year that the City of Boise has earned this distinction. To be awarded a Certificate of Achievement, the City must publish, in a prescribed format, a thorough and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

The Certificate of Achievement is valid for one year only. We believe that our most recent CAFR will continue to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The Mayor and City Council have continued to demonstrate a commitment to allocate the resources needed to ensure its ability to account, audit, report, monitor, and control the financial operations and transactions of the City of Boise in a responsible and progressive manner.

The preparation of this report would not have been possible without the efficient and committed services of staff in the Department of Finance and Administration. I would also like to express my appreciation to participating City staff in every department whose dedicated efforts resulted in a timely and successful completion of this year's report.

Sincerely,

Jim McMahon CPA, CIA
Boise City Controller
City of Boise, Idaho

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Boise

Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

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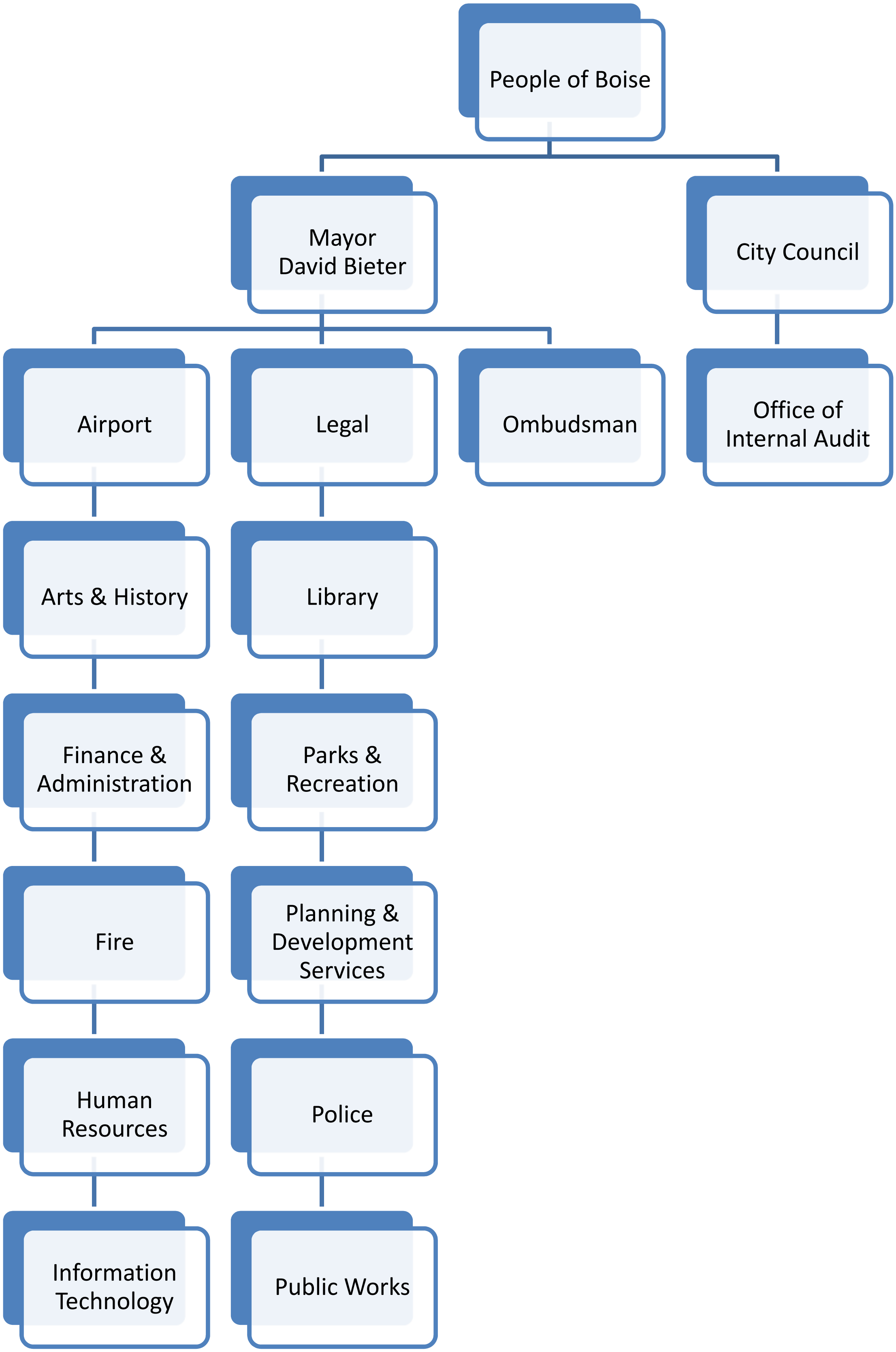
People of Boise
Mayor
David Bieter
City Council
Airport
Legal
Ombudsman
Office of Internal Audit
Arts & History
Library
Finance & Administration
Parks & Recreation
Fire
Planning & Development Services
Human Resources
Police
Information Technology
Public Works

ORGANIZATION

Boise City is one of 200 cities in the State of Idaho. Cities are “creatures of the state” authorized for organization by the Idaho Constitution. “The legislature shall provide by general laws for the incorporation, organization and classification of the cities and town in proportion to the population,” (Idaho Constitution Article 12, Section 1). “The legislature by general and uniform laws shall provide for such township, precinct and municipal (city) officers as probable convenience may require,” (Idaho Constitution Article 18, Section 6). Boise City operates under the mayor-council system of government as a city of the first class under the general laws of the State of Idaho with a mayor and six council members. The mayor is elected to a four-year term. Council members are also elected for four-year terms, three being elected every two years to stagger the terms for continuity. The Mayor is the chief executive officer for the City, responsible for carrying out policies set by the council and for enforcing the ordinances existing in the City Code.

The Mayor is assisted in this responsibility by Department Director’s appointed by the Mayor and confirmed with the consent of the council. For CAFR reporting purposes, the City’s General Fund is divided into eight functions/programs:

1) General Government
2) Fire
3) Police
4) Parks and Recreation
5) Culture
6) Community Service
7) Community and Economic Development
8) Interest and Fiscal Charges

Additionally, the CAFR reports business-type activities of the City’s Airport, Sewer and Solid Waste Funds. Smaller funds are reported in aggregate for both governmental and business-type activities. This required reporting structure does not necessarily equate to the operational structure of the City of Boise which is shown on the following page.

City of Boise
Names of Principal City Officials As of
September 30, 2014

Name	Position – Title	Department
David Bieter	Mayor	Executive
Maryanne Jordan	Council member – Council President	Legislative
David Eberle	Council member – Council Pro Tem	Legislative
Elaine Clegg	Council member	Legislative
Lauren McLean	Council member	Legislative
Ben Quintana	Council member	Legislative
TJ Thomson	Council member	Legislative
Jade Riley	Chief of Staff to the Mayor and Council	Mayor's Office
Garry Beaty	Director	Information and Technology
Kevin Booe	Director	Library
Derick O'Neill	Director	Planning and Development Services
Steve Rutherford	City Attorney (Interim)	Legal
Dennis Doan	Chief	Fire
Doug Holloway	Director	Parks and Recreation
Michael Masterson	Chief	Police
Rebecca Hupp	Director	Aviation and Public Transportation
Shawn Miller	Director	Human Resources
Neal Oldemeyer	Director	Public Works
Lynda Lowry	Director	Finance & Administration
Terri Schorzman	Director	Arts and History

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EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Boise, Idaho

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Boise, Idaho (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

877 W. Main St., Ste. 800 | Boise, ID 83702-5858 | T 208.344.7150 | F 208.344.7435 | EOE

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Adoption of New Accounting Standard
As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported As Assets and* Liabilities and early adopted the provisions of GASB Statement No. 69, *Government Combinations and Disposals of Government Operation*. The effects due to the implementation of the new standards on the financial statements as a whole are described in Notes 1, L and M. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as stated in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiry of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquiry, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, schedule of revenues, expenses – airport fund and schedule of passenger facility charges and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organization,* and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules, schedule of revenues, expenses – airport fund and schedule of passenger facility charges and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budget to actual statements, schedule of revenues, expenses – airport fund and schedule of passenger facility charges and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2015 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance

Eide Bailly LLP

Boise, Idaho
March 20, 2015

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As management of the City of Boise (the "City"), we offer readers this narrative overview and analysis of the financial activities of the City of Boise for the Fiscal Year (FY) ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal. All amounts in this discussion and analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflow of resources as of September 30, 2014, by $770,738. Of this amount, an unrestricted net position of $149,994 may be used to meet the City's on-going obligations to citizens and creditors.

- Total net position increased by $35,523 by the end of the FY. Of this amount, $18,659 was associated with governmental activities and $16,864 with business-type activities.

- As of the close of the FY, the City's governmental funds reported combined ending fund balance of $79,551; an increase of $11,683 in comparison with the prior year. Of the former amount, $6,311 was in nonspendable form, $15,172 is restricted, $2,000 is committed, $38,320 is assigned and $17,748 is unassigned.

- At the end of the FY, unassigned fund balance for the General Fund (GF) was $21,274 or 12.60% of total GF expenditures which were $168,804.

- The City's total debt obligations (including bonds, notes, Section 108 loan, post-employment benefits and compensated absences, and premiums) was $88,842 at the end of the FY.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to summarized information on the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, deferred inflows and outflows; with the net difference across the four categories being reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent FY. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business- type activities). The governmental activities of the City include general government, fire, police, parks and recreation, culture, community services, community development, and other. The business-type activities of the City include the airport, sewer, solid waste and housing activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also two component units. One component unit is Harris Ranch Community Infrastructure District No. 1. This is a separate legal infrastructure district. However, due to the nature of the relationship between this District and the City, the assets, liabilities, deferred inflows and outflows, revenues, and expenditures of this entity are blended into the City's government-wide financial statements. The second component unit (Capital City Development Corporation) is also legally separate from the City, being a redevelopment agency. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds Governmental funds are utilized to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the FY. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two forms of measurement focus.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. This fund is considered a major fund. Data from the other six funds, which are the Capital Projects Fund, Community and Economic Development Special Revenue Fund, Heritage Special Revenue Fund, Dedicated Permanent Fund, Impact Fee Capital Projects Fund, and the Debt Service Fund are combined into a single aggregate for presentation purposes. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in a section behind the basic financial statements.

The City approves a two-year budget for the General Fund (GF). A budgetary comparison statement has been provided for the GF to demonstrate compliance with the FY 2014 budget.

Proprietary funds The City maintains two different types of proprietary funds – enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains six individual enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenues, expense and changes in fund net position for the Airport, Sewer and Solid Waste Funds. These funds are considered major enterprise funds. Data from the other three funds, which are the Geothermal, Municipal Irrigation and Housing Rehabilitation Funds are combined into a single aggregate for presentation purposes. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet maintenance, arboretum, and risk management activities. Because these services predominantly benefit governmental rather than business type functions, they have been included within governmental activities in the government-wide financial statements. However, the City's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements due to having economic resources based transaction measurement focus similar to enterprise funds. Individual fund data for the internal service funds is provided in the form of combining statements in a section behind the basic financial statements.

Fiduciary funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The basis of accounting and transaction measurement focus used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with non-major funds and internal service funds are presented immediately after the basic financial statements. Also included are budget comparisons for governmental funds other than the GF.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At September 30, 2014, the City's assets and deferred outflows exceeded liabilities and deferred inflows by $770,738. By far, the largest portion of the City's net position (76%) reflects its net investment in capital assets. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Boise's Net Position

	Governmental Activities		Business Activities		Total	
	2014	2013, as restated	2014	2013, as restated	2014	2013, as restated
Current and other assets	$ 239,043	$ 218,824	$120,967	$ 117,121	$ 360,010	$ 335,945
Capital assets	197,179	193,248	460,924	452,762	658,103	646,010
Total assets	436,222	412,072	581,891	569,883	1,018,113	981,955
Deferred Outflow of Resources	234	257	668	871	902	1,128
Long-term liabilities outstanding	38,845	40,177	49,997	55,952	88,842	96,129
Other liabilities	28,236	23,595	7,922	7,026	36,158	30,621
Total liabilities	67,081	63,772	57,919	62,978	125,000	126,750
Deferred Inflow of Resources	123,277	121,118	-	-	123,277	121,118
Net position:						
Net investment in capital assets	169,659	164,746	413,179	399,960	582,838	564,706
Restricted, nonexpendable	3,287	3,179	-	-	3,287	3,179
Restricted, expendable	13,434	11,135	21,185	28,675	34,619	39,810
Unrestricted	59,718	48,379	90,276	79,141	149,994	127,520
Total net position, as restated	$ 246,098	$ 227,439	$524,640	$ 507,776	$ 770,738	$ 735,215

A portion of the net position (4.92%) represents resources that are subject to external restrictions on how the funds may be utilized. The $149,994 balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current FY, the City is able to report positive balances in all three categories of net position for the government as a whole. The City is in an improving financial situation, as assets and deferred outflows of resources are growing faster than liabilities and deferred inflow of resources; leading to an increase in net position. The FY 2014 increase in net position of 4.83% is higher than the 1.94% increase experienced in FY 2013.

Effective for financial statements for periods beginning after December 15, 2012, the City is required to present two additional financial reporting categories – Deferred Outflow and Inflow of Financial Resources. The deferred loss on refunding, in the amount of $902, is now reported as a Deferred Outflow of Financial Resources. The $123,277 of unavailable property taxes is now reported as Deferred Inflow of Financial Resources.

City of Boise's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 45,733	$ 34,907	$ 89,019	$ 82,519	$ 134,752	$ 117,426
Operating grants and contributions	1,830	22,343	350	1,037	2,180	23,380
Capital grants and contributions	6,581	2,924	20,562	18,939	27,143	21,863
General Revenues:						
Property taxes	119,740	114,201	-	-	119,740	114,201
Other taxes	25,736	8,047	-	-	25,736	8,047
Other	514	356	1,392	456	1,906	812
Total revenues	200,134	182,778	111,323	102,951	311,457	285,729
Expenses:						
General Government	27,964	29,842	-	-	27,964	29,842
Fire	46,418	43,900	-	-	46,418	43,900
Police	48,666	47,160	-	-	48,666	47,160
Parks and Recreation	25,600	24,197	-	-	25,600	24,197
Culture	10,092	10,537	-	-	10,092	10,537
Community Services	21,124	18,607	-	-	21,124	18,607
Community Development	228	1,761	-	-	228	1,761
Other charges					-	-
Interest and fiscal charges	1,273	1,245	-	-	1,273	1,245
Airport	-	-	31,597	32,699	31,597	32,699
Sewer	-	-	33,872	32,191	33,872	32,191
Solid Waste	-	-	25,085	24,501	25,085	24,501
Other	-	-	4,015	5,108	4,015	5,108
Total expenses	181,365	177,249	94,569	94,499	275,934	271,748
Increase in net position before transfers	18,769	5,529	16,754	8,452	35,523	13,981
Net Transfers	(110)	(27)	110	27	-	-
Increase in net position	18,659	5,502	16,864	8,479	35,523	13,981
Net Position - beginning, previously stated	227,439	222,917	507,776	496,658	735,215	719,575
Plus prior period adjustment at September 30, 2012 - GASB 65	-	(980)	-	2,639	-	1,659
Net Position - Beginning, as restated	227,439	221,937	507,776	499,297	735,215	721,234
Net Position - Ending	$ 246,098	$ 227,439	$ 524,640	$ 507,776	$ 770,738	$ 735,215

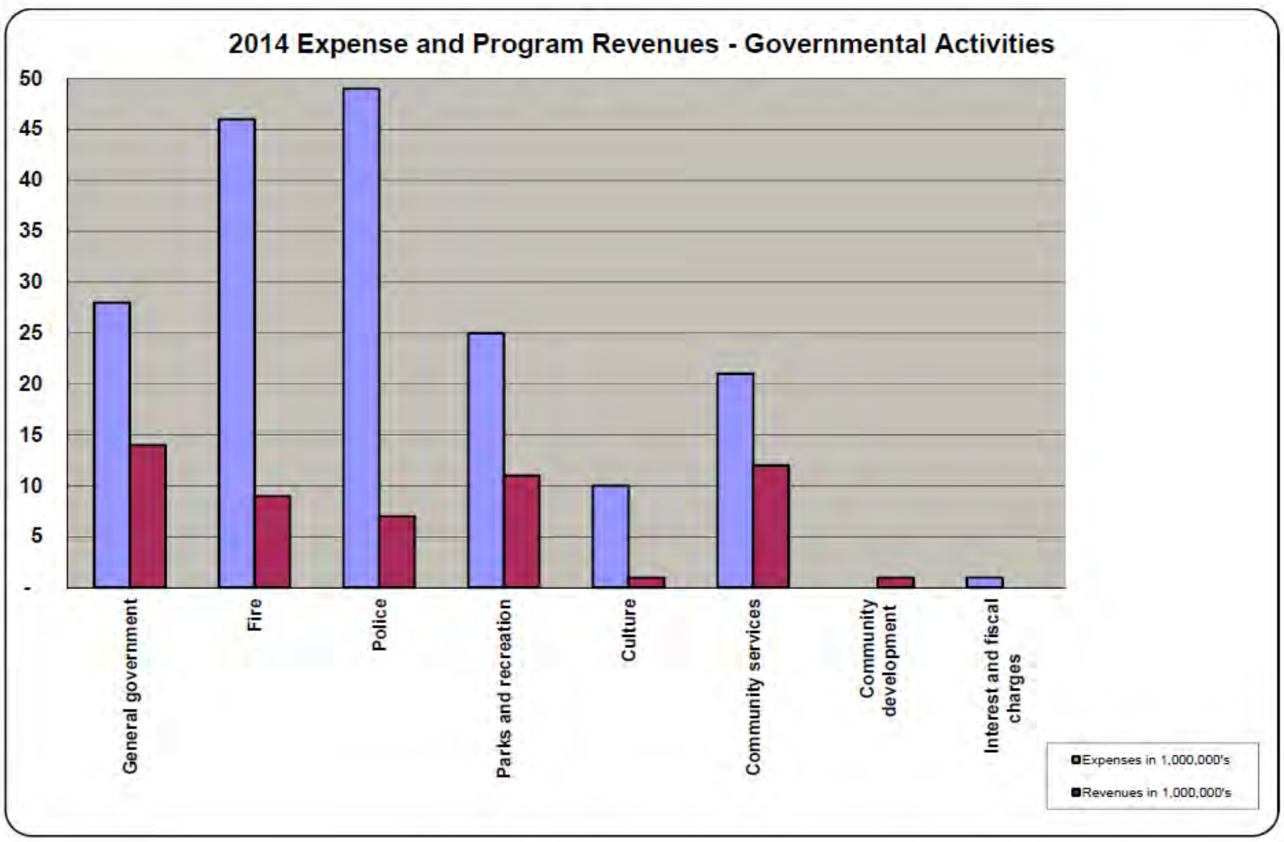
Governmental activities in FY 2014 Governmental activities in FY 2014 increased the City's net position by $18,659. This increase accounted for 53% of the total increase in net position, after transfers were taken into account. The key elements of this increase were as follows:

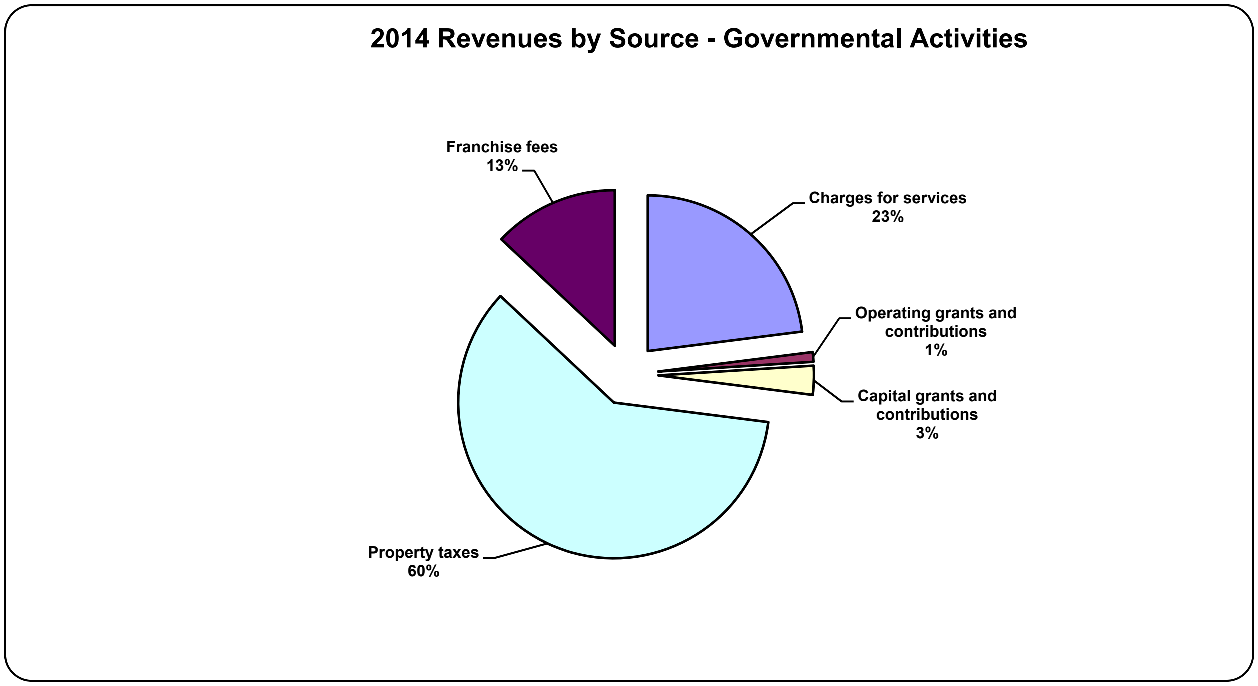
> Total revenues increased by $17,356 (9.50%) compared to FY 2013 on a gross basis. This increase is primarily due to the following increases: General Revenues (property and other taxes) of $23,228, Charges for Services of $10,826, Capital Grants and Contributions of $3,657 and Other of $158. A decrease was exhibited in the following category: Operating Grants and Contributions of -$20,513 in comparison to the prior year.

The large variance in Operating Grants and Contributions (OG&C) were principally due to Sales and Liquor Taxes being erroneously reported in the OG&C category during the prior fiscal year. Additionally, consistent with prior years, the City took the 3% statutorily allowed property tax increase during the FY which contributed to increased general revenues. The large increase in Other Taxes between the two fiscal years was due principally to correcting the presentation of Sales and Liquor Taxes in General Revenues section for the current FY.

Charges for Services increased across several business units. The primary drivers included increased fees and attendance in Parks programs ($945), Police and Fire service contracts provided to Airport and associated fire districts ($991), and development related fees ($1,829).

Expenses during the fiscal year increased on a net basis by $4,116 (2.32%) in comparison to the prior fiscal year. Increased expenses occurred in the following functional areas: $2,518 for fire, $2,517 for community services, $1,506 for Police, $1,403 for parks and recreation and $28 for interest and fiscal charges. These increases were offset by the following decreases in expense ($1,878) in general government, ($1,533) in Community Development and ($445) in Culture





Business-type activities in FY 2014 Business-type activities in FY 2014 increased the City's net position by $16,864; accounting for 47% of the total net position growth.

Key elements of the increase are as follows:

- Program revenues increased on a gross basis by $7,436 (7.25%) as compared to FY 2013. Increases in program revenues were exhibited in the following categories: $6,500 in Charges for Services and $1,623 in Capital Grants and Contributions. Operating Grants and Contributions decreased by ($687).

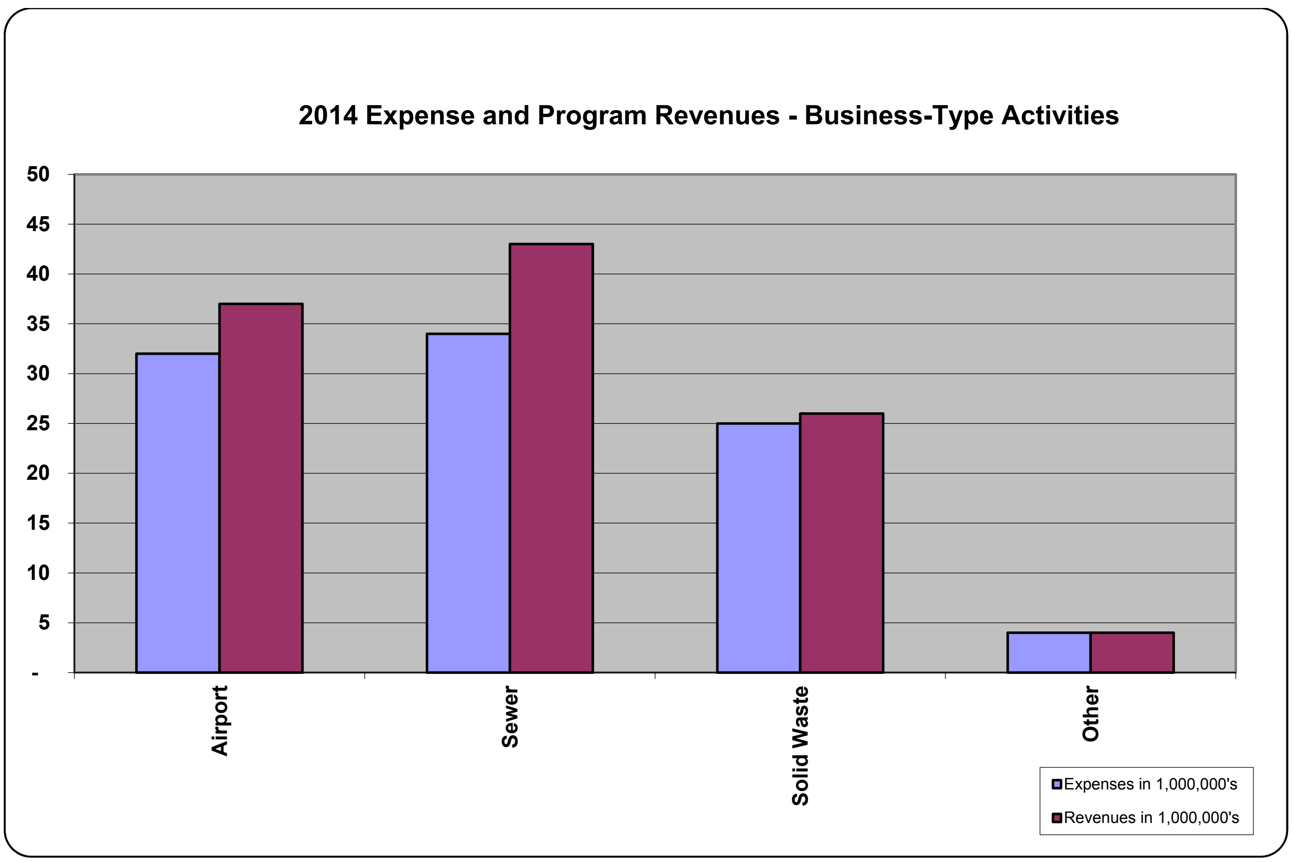
  Charges for Services Breakdown: All business-type funds had an increase in Charges for Services: $3,967 for Sewer, $1,503 for Solid Waste, $983 for Airport and $47 for other funds. During FY 2014, changes in this revenue category were due principally to planned and approved rate increases in Sewer, Solid Waste and to a lesser extent Airport. The increase in other funds was relatively immaterial to the overall financial presentation of this category and could not be attributable to any specific fund.

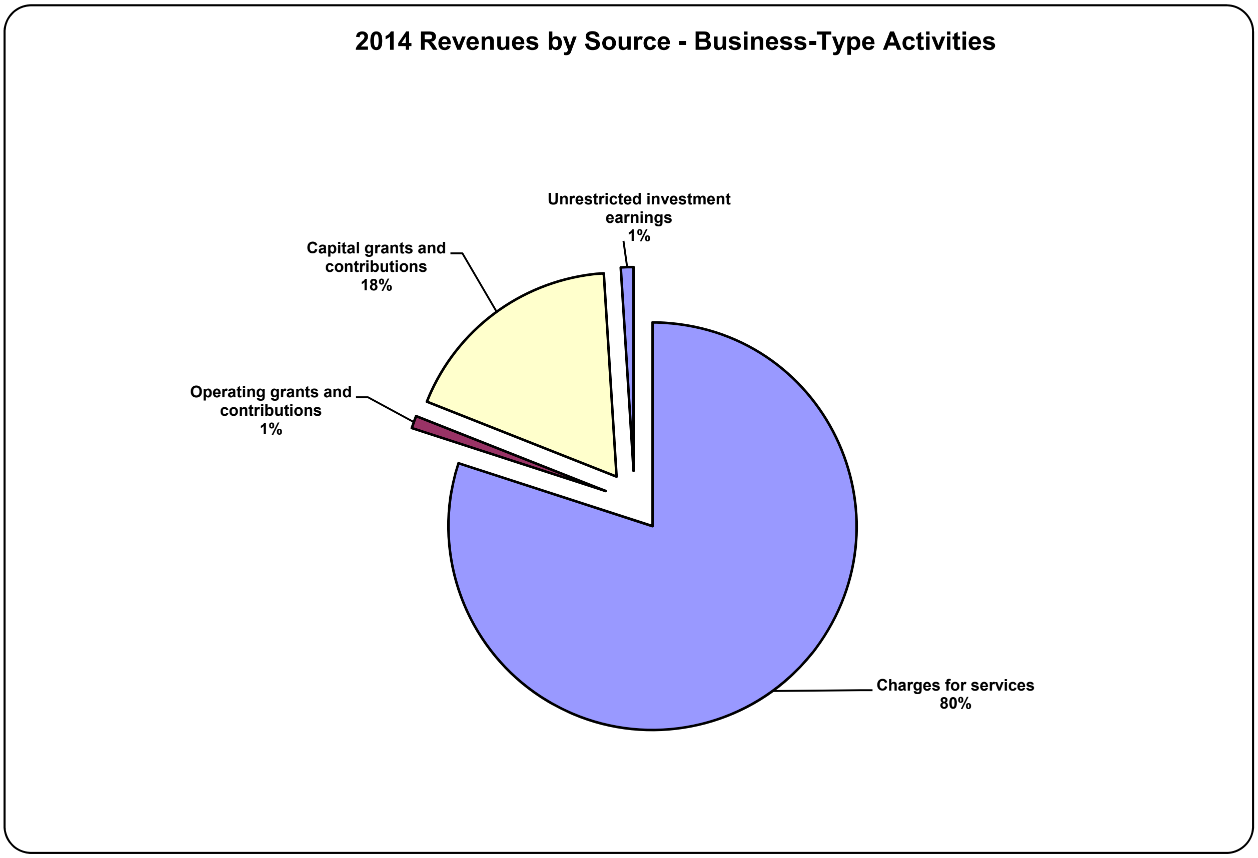
  Capital Grants and Contributions Breakdown: Net increases in Capital Grants and Contributions increased for the following funds: $778 for Sewer, $748 for Airport and $97 for other funds. Changes in this revenue category for Sewer were principally due to an improved economic environment resulting in greater commercial construction activity and increased connection fees. Sewer also experienced greater capital revenues for trunk and treatment components of their income stream. Capital grant revenues for Airport are based upon reimbursable expenses. A higher amount of eligible costs were incurred during FY 2014 in comparison to the prior fiscal year.

Operating Grants and Contributions Breakdown: The net decrease in Operating Grants and Contributions resulted from the following fund decreases/increases: ($521) for other funds, ($185) for Solid Waste, ($30) for Airport and $49 for Sewer. The Geothermal fund (which is included in the other funds category) received substantially less ($424) in congressionally mandated project grants during FY 2014, as compared to the prior fiscal year. During the prior fiscal year, the Solid Waste fund received a large Republic Services recycling rebate that was did not occur in the current FY.

Total expenses for business-type activities increased by $70 (.07%), as compared to the prior year. The following funds had increases in expenses: $1,681 for Sewer and $584 for Solid Waste. The following funds had decreases in expenses: ($1,102) for Airport and ($1,093) for other funds.

The Sewer fund experienced increased expenses in chemical costs for treatment plants, NPDES permit compliance and repairs and maintenance associated with phosphorus removal projects. The Solid Waste fund experienced increased landfill and transfer station costs during the FY. Although, Airport operating expenses increased for the current FY, there were markedly lower asset write-offs in the current year (as compared to the prior), which resulted in a net expense decrease.




2014 Revenues by Source - Business-Type Activities
Unrestricted investment earnings 1%
Capital grants and contributions 18%
Operating grants and contributions 1%
Charges for services 80%

Governmental Fund Balance Comparison

	2014	2013
Nonspendable		
Inventory	697	729
Prepaid items	885	1,560
Employee advances - long term	242	270
Property held for resale	4,487	4,487
Restricted, nonexpendable, for		
Permanent fund principal	3,287	3,179
Restricted, expendable, for		
Drug enforcement	802	776
IOLS consortium	592	525
Library gift funds	346	281
Impact fees project	6,721	3,924
Heritage funds	1,173	1,541
Debt service - CID	451	576
Foothills levy	1,800	1,897
Committed to		
Homelessness prevention	2,000	2,000
Kaylyn Jackson	-	7
Detox Center	-	75
Assigned to		
General government	8,101	7,685
Fire	912	1,358
Police	1,923	697
Parks and recreation	3,227	1,674
Culture	3,354	1,075
Community projects	10,023	1,842
Other capital projects	-	36
Warm Springs reserve	-	116
Debt service and post retirement benefits	10,257	10,256
Community and economic development	523	496
Unassigned	17,748	20,856
Total fund balance	79,551	67,918

Financial Analysis of the Governmental Funds As noted earlier, the City of Boise uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds in FY 2014 The purpose of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year.

At September 30, 2014, the City's governmental funds reported a combined ending fund balance of $79,551, which is a $11,633 increase over the prior year. Governmental funds report fund balance in non-spendable and spendable classifications. Nonspendable and Restricted Nonexpendable fund balances represent resources that cannot be spent due to their existing nature or restriction imposed by external third parties. Governmental fund balance that is available for spending is disclosed into four reporting categories: Restricted Expendable, Committed, Assigned, and Unassigned. Restricted Expendable Fund Balance represents resources that can only be spent based upon externally imposed restrictions. Committed Fund Balance represents City Council mandated constraints imposed on the use of funds (example). Assigned Fund Balance represents resources with an intended use and Unassigned Fund Balance represents resources that have not been classified in one of the aforementioned. Balances in these categories at the end of FY: Nonspendable of $6,311, Restricted Nonexpendable of $3,287, Restricted Expendable of $11,885, Committed of $2,000, Assigned of $38,320, and Unassigned of $17,748.

- Within the Nonspendable Fund Balance category, $4,487 is associated with property held for resale. The remaining $1,824 is composed of inventory, prepaid items, and non- current receivables.
- The Restricted Nonexpendable Fund Balance category is composed of $3,287 of permanent capital that must be preserved for perpetual care (cemetery) purposes.
- Within the Restricted Fund Balance category, $6,721 and $1,800 are restricted for Impact Fees and Foothills conservation, respectively. Heritage Trust projects account $1,173 in restrictions; whereas $938 is related to Library IOLS/Gift Fund restrictions. Finally, $802 and $451 are restricted for drug enforcement initiatives and debt service reserves, respectively. Net Restricted balances increased by $2,365 in comparison to FY 2013 principally due to revenues exceeding expenditures for impact fees.
- The entirety of the Committed Fund Balance of $2,000 is dedicated to homelessness prevention. The Neighbors In Need initiative was established in 2008 by Mayor Bieter and City Council members as an ongoing revenue source to support solutions to homelessness. These resources are accounted for in a separate fund.
- As stated previously, Assigned Fund Balance represents funds with an intended use. At the end of FY, the City has made the following assignments: $10,257 in debt service/postretirement benefits, $10,023 for community services, $8,101 for general government, $3,354 for culture, $3,227 for parks and recreation, $1,923 for police, $912 for fire and $523 for community and economic development.
- The remaining $17,748 of fund balance is contained within the Unassigned Fund Balance category. Changes in fund balance between fiscal years have been explained in the prior governmental revenue and expense discussion.

<u>The General Fund – Revenue & Expenditure Analysis (YOY)</u>

<u>General Fund Revenues:</u> The General Fund (GF) is the City's primary operating fund. Fund balance in the City's GF increased by $3,563; as compared to the prior fiscal year. In total, General Fund revenues fell short of the budgetary target by $3,847.

- Revenues increased by $10,357 due to greater growth, annexation, developmental activity, fines, fees and sales tax receipts. Specific increases were evident in the following categories: $5,225 increase in property taxes, a $3,344 increase in charges for service, a $928 increase in licenses and permits, and a $437 increase in rental and lease revenues due to a reporting change.

General Fund Expenditures: Expenditures increased by $4,669; as compared to the prior fiscal year. Expenditure increases were exhibited in the following functional areas: $2,277 for parks, $1,669 for fire, $1,407 for community services, $1,032 for general government, $911 for culture and $815 for police. The capital outlay decrease of ($3,442) was the only expenditure decrease in comparison to the prior fiscal year.

- Parks expenditures increased due to the addition of the Quail Hollow Golf Course in addition to standard operating cost increases during the FY. Fire, police and culture expenditure increases were due to contractually obligated, general pay and other standard operating cost increases. General government expenditure increases were due to scheduled pay increases that took effect during the FY.

General Fund (GF) Budgetary Highlights in FY 2014

GF Revenues: The final General Fund revenue budget was increased by $10,687 versus the originally adopted budget principally due to upward revenue revisions of $1,260, $1,197 and $134 for charges for services, intergovernmental, and donations, respectively.

GF Expenditures: The final General Fund expenditure budget was $6,398 more than the originally adopted budget. This differential was principally due to rebudgeted and encumbered expenditures carried forward from FY 2013 into the current FY based on planned use of unassigned fund balance.

Final budgeted revenues exceeded budgeted expenditures in the GF by $9,542. During the FY, actual revenues exceeded actual expenditures by $19,919. The final net budget to actual variances of ($3,847) (unfavorable) in revenues and $14,224 (favorable) in expenditures can be summarized as follows:

Analysis of GF Favorable Revenue variances – Budget to Actual

- Licenses and permits, charges for services, intergovernmental revenues exceeded budgetary estimates by $2,031, $1,361 and $1,604, respectively.

- Each of the mentioned categories is a result of the continued improvement in the economic environment. Licenses and permits revenues exceeded budget due to a continued improvement in the construction environment coupled with a conservative budget estimate to minimize offsetting increases to base expenditures. Revenue from charges for services exceeded the budgetary estimate due to rate increases and increased participation in parks and recreation programs. The largest contributor to the budgetary difference in intergovernmental revenue was sales tax revenue.

- Property tax revenue exceeded budgetary estimates by $865 due to greater delinquent property tax collections. Also, property tax receipts exceeded the budget during the year due to the timing of collections and the assessment of penalties for late payments. This is consistent with prior years.

Analysis of GF Unfavorable Revenue variances – Budget to Actual

- Miscellaneous revenues, fines and forfeitures, and investment income fell short of the budgetary target amounts by ($9,532), ($317) and ($128), respectively. The miscellaneous revenue variance is due to rolling prior year budget resources into the current budget year. Fines and forfeitures fell short due to lower traffic fines collected in the current FY. Investment income was lower due to decreased interest and penalty income and a continued lower interest rate environment.

Analysis of GF Favorable Expenditure variances – Budget to Actual

During the fiscal year, all functional categories experienced favorable budgetary variances. Total General Fund actual expenditures were $14,224 less than the final budgetary amount. Savings across the organization were spread throughout both maintenance and operations (M&O) and equipment expenditure accounts. A large part of the savings is associated with unused contingency accounts and cost containment measures by all city departments.

- General government expenditures were lower than budgetary estimates by $5,582 for the fiscal year. This variance is explained by a combination of multi-year professional services contracts, various M&O account savings and unused contingency accounts.

- Community services and culture expenditures were lower than budgetary estimates by $3,289 and $1,579, respectively. Community services expenditures were lower due to the timing of expenses related to multiyear programs in Planning and Development Services. Culture budgetary savings occurred in Library, predominately due to lower M&O expenditures. The Library Department continues to build base operating savings in preparation for the addition of a new library in Bown Crossing.

- Police, parks and recreation, and fire expenditures were under their budgetary estimates by $1,652, $1,025, and $911, respectively. Similar to the prior FY, these savings were principally due to ongoing programs that were rebudgeted into FY 2014 and personnel savings resulting from vacant positions.

- Capital outlay expenditures were under budgetary estimates by $186. These savings were principally due to the timing of grant related equipment purchases.

Encumbrances for contractual obligations that could not be completed during the fiscal year were $884; whereas amounts to be rebudgeted into subsequent year expenditures totaled $7,640.

Capital Asset and Debt Administration

Capital assets in FY 2014 The City's investment in capital assets for its governmental and business-type activities at September 30, 2014, amounted to $658,103 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, automobiles and equipment, streetlights and public art. City sidewalks, bridges, and roads belong to the Ada County Highway District. For FY 2014, the City's investment in capital assets increased 2.35% in comparison to the prior year. Of this percentage, business-type activities accounted for most of the increase. Additional information on the City's capital assets can be found in Footnote IV. D.

Major capital asset events during the current FY included the following:

Governmental Activities

- $3,494 – Vehicle purchases
- $3,309 – Park Improvements
- $2,341 – City Hall Remodel
- $1,994 – Quail Hollow Golf Course Donation Business-Type Activities

Business-Type Activities

- $9,971 – Public Works EPA NPDES Compliance
- $4,957 – Airport Runway and Taxiway Rehabilitations
- $2,955 – NW Boise Sewer District Merger
- $2,616 – Public Works Sewer Line Replacement
- $1,861 – Airport Parking Garage Construction
- $1,453 – Public Works Dixie Drain Phosphorus Offset Project

Long-term debt in FY 2014 At FY end, the City had $73,277 in outstanding debt consisting of revenue bonds, special assessment bonds/notes, and installment loans. This amount does not include compensated absence accruals, or bond premiums. All of the debt was secured by specific revenue or property sources.

City of Boise's Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenue Bonds	$ 23,264	$ 24,242	$ 47,325	$ 53,107	$ 70,589	$ 77,349
Capital Leases	-	585	-	-	-	585
Other LT Debt	4,205	4,232	-	-	4,205	4,232
Installment Loans	-	-	420	560	420	560
Total	$ 27,469	$ 29,059	$ 47,745	$ 53,667	$ 75,214	$ 82,726

The City's debt in bonds, capital leases, other debt, and loans decreased $7,512 by the end of FY 2014 on a net basis. Additional information on the City's long-term debt can be found in Footnote IV. G.

Economic Factors and Next Year's Budgets and Rates

The City prepares an economic forecast as a component in the process of developing the two-year operating and capital budget. The assumptions in the analysis are reviewed with the City Council as background for decisions on revenue projections and cost allocations. Periodic reports are transmitted to the City Council providing actual information relative to these projections. The following were taken into consideration by the City Council when it adopted the forecast for use in reviewing and approving the first half of the FY 2015-16 Two-Year Budget:

- As of September 2014, total non-farm employment for the Boise MSA was 285,200 whereas the unadjusted unemployment rate stood at 5.3%.
- The City provided a 3.0% average base compensation increase for general employees for FY 2015 in addition to 1.25% that has been budgeted for discretionary goal achievement purposes.
- The City has considered the current economic trends while working with the FY 2014 budget. Presently, the City is determining whether the increased revenue trends exhibited during the fiscal year can be incorporated as base amounts for the new FY 2016-17 budgetary cycle.

Requests for Information This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Division of Financial Services, City of Boise, Post Office Box 500, Boise, Idaho 83701.

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 12,975	$ 767	$ 13,742
Investments	86,682	72,870	159,552
Restricted cash and investments	451	18,416	18,867
Receivables, net of allowance for uncollectibles			
Taxes receivable	126,363	-	126,363
Accounts and interest	7,299	9,150	16,449
Grants	250	1,845	2,095
Assessments	9	2,085	2,094
Intergovernmental receivable	-	-	-
Interfund balances	(1,495)	1,495	-
Inventory	697	2,561	3,258
Prepaid items	1,325	104	1,429
Other investments	-	-	-
Long-term accounts receivable	-	2,673	2,673
Mortgage loans receivable	-	8,897	8,897
Property held for resale	4,487	104	4,591
Capital assets, not being depreciated			
Land	73,739	35,809	109,548
Intangible assets	614	477	1,091
Construction in progress	3,446	27,625	31,071
Capital assets, net of accumulated depreciation			
Land and improvements	-	29,099	29,099
Leasehold improvements	666	-	666
Buildings	51,400	171,859	223,259
Improvements other than buildings	36,550	11,088	47,638
Service lines	-	154,232	154,232
Automobiles and trucks	11,190	8,274	19,464
Machinery and equipment	12,634	21,022	33,656
Intangible assets	3,761	813	4,574
Other capital assets	3,179	626	3,805
Total assets	436,222	581,891	1,018,113
Deferred Outflows of Resources			
Deferred charge on debt refunding	234	668	902

(In Thousands)

Component Unit Capital City Development Corporation	Total Reporting Entity
$ 18,375	$ 32,117
-	159,552
3,101	21,968
11,019	137,382
319	16,768
-	2,095
-	2,094
35,350	35,350
-	-
-	3,258
1,383	2,812
130	130
-	2,673
-	8,897
4,021	8,612
3,944	113,492
-	1,091
1,190	32,261
-	29,099
-	666
16,162	239,421
923	48,561
-	154,232
-	19,464
71	33,727
-	4,574
-	3,805
95,988	1,114,101
148	1,050

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	24,622	4,838	29,460
Accrued liabilities	3,178	1,019	4,197
Interest payable	285	-	285
Capital lease payable	-	-	-
Refundable deposits	18	-	18
Advanced revenue	133	2,065	2,198
Advanced lease payments	-	-	-
Noncurrent liabilities			
Due within one year	1,350	5,840	7,190
Due in more than one year	37,495	44,157	81,652
Total liabilities	67,081	57,919	125,000
Deferred Inflows of Resources			
Unavailable property tax	123,277	-	123,277
Net Position			
Net investment in capital assets	169,659	413,179	582,838
Restricted, nonexpendable, for			
Permanent fund principal	3,287	-	3,287
Restricted, expendable, for			
Replacements			
West Boise Sewer District	-	1,138	1,138
Garden City Sewer District	-	1,285	1,285
Debt service	-	830	830
Loans	-	346	346
Heritage funds	1,173	-	1,173
Capital expansion	10,461	17,586	28,047
Foothills levy	1,800	-	1,800
Unrestricted	59,718	90,276	149,994
Total net position	$ 246,098	$ 524,640	$ 770,738

See Notes to Financial Statements

(In Thousands)

Component Unit Capital City Development Corporation	Total Reporting Entity
1,508	30,968
121	4,318
293	578
10	10
15	33
-	2,198
888	888
6,325	13,515
50,425	132,077
59,585	184,585
11,019	134,296
14,400	597,238
-	3,287
-	1,138
-	1,285
10,298	11,128
-	346
-	1,173
-	28,047
-	1,800
834	150,828
$ 25,532	$ 796,270

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
General government	$ 27,964	$ 11,130	$ -	$ 2,972
Fire	46,418	8,143	483	818
Police	48,666	5,882	341	389
Parks and recreation	25,600	7,926	312	2,397
Culture	10,092	734	291	5
Community services	21,124	11,134	403	-
Community and economic development	228	784	-	-
Interest and fiscal charges	1,273	-	-	-
Total governmental activities	181,365	45,733	1,830	6,581
Business-type activities				
Airport	31,597	24,363	521	11,683
Sewer	33,872	36,258	155	6,687
Solid Waste	25,085	25,933	35	-
Other	4,015	2,465	(361)	2,192
Total business-type activities	94,569	89,019	350	20,562
Total primary government	$ 275,934	$ 134,752	$ 2,180	$ 27,143
Component unit:				
Capital City Development Corporation				
Total component unit				

General revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Franchises, based on gross receipts
Liquour, based on gross receipts
Sales tax, based on gross receipts
Gain on disposal of assets
Unrestricted investment earnings
Interfund transfers, net

Total general revenues and transfers

Change in Net Position

Net Position - Beginning of Year, As Restated

Net Position - End of Year

See Notes to Financial Statements

(In Thousands)

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Capital City Development Corporation	Total Reporting Entity
$ (13,862)	$ -	$ (13,862)	$ -	$ (13,862)
(36,974)	-	(36,974)	-	(36,974)
(42,054)	-	(42,054)	-	(42,054)
(14,965)	-	(14,965)	-	(14,965)
(9,062)	-	(9,062)	-	(9,062)
(9,587)	-	(9,587)	-	(9,587)
556	-	556	-	556
(1,273)	-	(1,273)	-	(1,273)
(127,221)	-	(127,221)	-	(127,221)
-	4,970	4,970	-	4,970
-	9,228	9,228	-	9,228
-	883	883	-	883
-	281	281	-	281
-	15,362	15,362	-	15,362
(127,221)	15,362	(111,859)	-	(111,859)
			(4,538)	(4,538)
			(4,538)	(4,538)
119,256	-	119,256	9,171	128,427
484	-	484	-	484
8,476	-	8,476	-	8,476
3,305	-	3,305	-	3,305
13,955	-	13,955	-	13,955
129	6	135	-	135
385	1,386	1,771	9	1,780
(110)	110	-	-	-
145,880	1,502	147,382	9,180	156,562
18,659	16,864	35,523	4,642	40,165
227,439	507,776	735,215	20,891	756,106
$ 246,098	$ 524,640	$ 770,738	$ 25,533	$ 796,271

(In Thousands)

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ -	$ 12,914	$ 12,914
Investments	51,291	25,304	76,595
Receivables, net			
Taxes receivable	125,807	556	126,363
Accounts and interest	6,158	1,120	7,278
Grants	74	176	250
Assessments	9	-	9
Due from other governmental units	222	-	222
Inventory	697	-	697
Prepaid items	885	25	910
Restricted cash and investments	-	451	451
Property held for resale	-	4,487	4,487
Total assets	$ 185,143	$ 45,033	$ 230,176
Liabilities			
Accounts payable	$ 24,234	$ 270	$ 24,504
Due to other funds	-	6	6
Deposits	8	10	18
Total liabilities	24,242	286	24,528
Deferred Inflows of Resources			
Unavailable property taxes	125,541	556	126,097
Fund Balances			
Nonspendable			
Inventory	697	-	697
Prepaid items	885	-	885
Employee advances - long term	242	-	242
Property held for resale	-	4,487	4,487
Restricted, nonexpendable, for			
Permanent fund principal	-	3,287	3,287
Restricted, expendable, for			
Drug enforcement	802	-	802
IOLS consortium	592	-	592
Library gift funds	346	-	346
Impact fees project	37	6,684	6,721
Heritage funds	-	1,173	1,173
Debt service - CID	-	451	451
Foothills levy	-	1,800	1,800
Committed to:			
Homelessness prevention	2,000	-	2,000
Assigned to			
General government	1,314	6,787	8,101
Fire	693	219	912
Police	1,143	780	1,923
Parks and recreation	564	2,663	3,227
Culture	1,582	1,772	3,354
Community services	3,189	6,834	10,023
Debt service and post retirement benefits	-	10,257	10,257
Community and economic development	-	523	523
Unassigned	21,274	(3,526)	17,748
Total fund balances	35,360	44,191	79,551
Total liabilities, deferred inflow of resources and fund balances	$ 185,143	$ 45,033	$ 230,176

See Notes to Financial Statements

(In Thousands)

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds		$	79,551
Other Post Employment Benefits (OPEB) not recorded in the fund			(5,969)
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.			196,621
Internal service funds are used to charge the costs of certain activities, such as insurance, automotive equipment, and plant material and trees, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			
Unrestricted internal service funds	6,278		
Net investment in capital assets	550		
Internal service due from other funds	(1,075)		
			5,753
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.			2,821
Prepaid rent from Whitney Fire District	(133)		
Prepaid fiber optic lease	401		
			268
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Accrued interest	(285)		
Bonds payable	(23,081)		
Special assessments	(3,949)		
Deferred amount of refunding	234		
Bond premium	(439)		
Compensated absences	(5,427)		
			(32,947)
Net position of governmental activities		$	246,098

(In Thousands)

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes, levied for general purposes	$ 119,320	$ 103	$ 119,423
Property taxes, levied for debt service	-	395	395
Franchise fees	5,404	3,072	8,476
Licenses and permits	6,254	-	6,254
Impact fees	-	3,013	3,013
Intergovernmental revenues	18,611	596	19,207
Program revenue	59	-	59
Charges for services	33,773	130	33,903
Fines and forfeitures	437	-	437
Donations	3	387	390
Developer reimbursements	2,936	-	2,936
Special assessments	280	-	280
Investment income	346	195	541
Miscellaneous revenues	1,300	1,606	2,906
Total revenues	188,723	9,497	198,220
Expenditures			
General government	24,743	3,394	28,137
Fire	44,375	409	44,784
Police	47,300	5	47,305
Parks and recreation	21,711	3,847	25,558
Culture	9,813	878	10,691
Community services	20,363	278	20,641
Community and economic development	-	966	966
Major equipment	499	5,822	6,321
Debt service			
Bond issuance costs	-	25	25
Principal payments	-	1,624	1,624
Interest and fiscal charges	-	1,165	1,165
Total expenditures	168,804	18,413	187,217
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,919	(8,916)	11,003
Other financing sources (uses)			
Interfund transfers in	156	16,932	17,088
Interfund transfers out	(17,132)	(53)	(17,185)
Bond proceeds	-	77	77
Proceeds from sale of capital assets	620	30	650
Total other financing sources (uses)	(16,356)	16,986	630
Net Change in Fund Balances	3,563	8,070	11,633
Fund Balance - Beginning of Year	31,797	36,121	67,918
Fund Balance - End of Year	$ 35,360	$ 44,191	$ 79,551

(In Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 11,633
Other Post Employment Benefits (OPEB) are not recorded in the fund balance but are included in the government-wide change in net position due to governmental activities.		(8)
Net revenues (expenses) of certain internal service funds is included within governmental activities.		2,071
Some of the City's taxes will be collected after year end, but, are not available soon enough for the current period's expenditures and therefore are reported as unavailable revenue in the funds. The amount represents the net change in unavailable revenue.		(76)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is the amount by which capital outlay ($12,969) exceeded depreciation ($10,449) in the current period.		2,520
The net effect of various transactions involving capital assets (i.e., sales and donations) is to increase net position.		
Donation of capital assets	2,012	
Proceeds from sale of capital assets	(445)	
Loss on sale of capital assets	(76)	1,491
The net effect of various transactions involving long-term leases is to decrease net position.		
Whitney unavailable rent	7	
Fiber optic lease	(54)	(47)
Interest expense in the Statement of Activities differ from the amount reported in governmental funds. Additional accrued interest was calculated for bonds and notes payable, and the difference arising from the advance refunding and is being amortized (added to interest expense for the year). This amount represents the net change in accrued interest.		
Prior year interest accrual	182	
CID long term debt interest	(30)	
Amortization of bond premium	43	
Amortization of deferred charge on refunding	(23)	
Refunding 2011A current interest	(255)	(83)

(In Thousands)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount represents the net effect of these differences in the treatment of long-term debt and related items.		
Golf lease payments	105	
City Hall lease payments	480	
CID long term debt payments	104	
Revenue refunding 2011 debt payment	935	
CID GO Bond 2014	(77)	1,547
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences.		(389)
Change in net position of governmental activities		$ 18,659

(In Thousands)

	Budgeted Amounts		Actual	Variances with
	Original	Final	Amounts	Final Budget
Revenues				
Property taxes	$ 118,455	$ 118,455	$ 119,320	$ 865
Franchise fees	5,282	5,282	5,404	122
License and permits	4,223	4,223	6,254	2,031
Intergovernmental revenue	15,810	17,007	18,611	1,604
Program revenue	-	-	59	59
Charges for services	31,152	32,412	33,773	1,361
Rental and lease revenue	405	405	437	32
Self insurance	4	4	3	(1)
Fines and forfeitures	3,253	3,253	2,936	(317)
Donations	89	223	280	57
Investment income	474	474	346	(128)
Miscelleanous revenue	2,736	10,832	1,300	(9,532)
Total revenues	181,883	192,570	188,723	(3,847)
Expenditures				
General Government	32,390	30,325	24,743	(5,582)
Fire	42,949	45,286	44,375	(911)
Police	47,451	48,952	47,300	(1,652)
Parks and recreation	20,491	22,736	21,711	(1,025)
Culture	9,683	11,392	9,813	(1,579)
Community services	20,070	23,652	20,363	(3,289)
Capital outlay	3,596	685	499	(186)
Total expenditures	176,630	183,028	168,804	(14,224)
Excess of revenues over expenditures	5,253	9,542	19,919	10,377
Other financing sources (uses)				
Interfund transfer in	279	305	156	(149)
Interfund transfer out	(5,594)	(9,914)	(17,132)	(7,218)
Proceeds from sale	67	67	620	553
Total other financing sources (uses)	(5,248)	(9,542)	(16,356)	(6,814)
Net Change in Fund Balance	5	-	3,563	3,563
Fund Balance - Beginning of Year	28,473	19,158	31,797	12,639
Fund Balance - End of Year	$ 28,478	$ 19,158	$ 35,360	$ 16,202

	Enterprise Funds		
	Airport	Sewer	Solid Waste
Assets			
Current assets			
Cash and cash equivalents	$ 292	$ -	$ -
Investments	29,797	38,880	2,017
Receivables, net			
Accounts and interest	1,441	5,361	1,773
Grants	1,647	-	-
Assessments	-	2,080	-
Inventory	476	1,853	-
Prepaid items	101	-	-
Total current assets	33,754	48,174	3,790
Noncurrent assets			
Restricted cash and investments	18,416	-	-
Interfund receivables	48	65	443
Long-term accounts receivable	2,083		
Mortgage loans receivable	-	-	-
Property held for resale	-	-	-
Capital assets, not being depreciated			
Land	18,372	14,347	-
Intangible assets	-	468	-
Construction in progress	6,405	19,174	-
Capital assets, being depreciated			
Land improvements	70,939	-	-
Buildings	137,655	134,161	-
Improvements other than buildings	31,520	8,330	-
Service lines	-	201,490	-
Automobiles and trucks	9,008	10,564	241
Machinery and equipment	25,955	44,900	259
Intangible assets	378	1,804	-
Other capital assets	542	301	26
Less accumulated depreciation	(137,615)	(155,642)	(289)
Capital assets, net	163,159	279,897	237
Total noncurrent assets	183,706	279,962	680
	217,460	328,136	4,470
Deferred Inflows of Resources			
Deferred charge on debt refunding	452	216	-

See Notes to Financial Statements

(In Thousands)

Enterprise Funds		Governmental Activities
Other Nonmajor Business - type Funds	Totals	Internal Service Funds
$ 475	$ 767	$ 61
2,176	72,870	10,087
575	9,150	21
198	1,845	-
5	2,085	-
232	2,561	-
3	104	14
3,664	89,382	10,183
-	18,416	-
-	556	-
590	2,673	-
8,897	8,897	-
104	104	-
3,090	35,809	-
9	477	-
2,046	27,625	-
-	70,939	-
12,640	284,456	1,215
2,343	42,193	84
7,636	209,126	-
134	19,947	566
805	71,919	188
28	2,210	198
-	869	-
(11,100)	(304,646)	(1,692)
17,631	460,924	559
27,222	491,570	559
30,886	580,952	10,742
-	668	-

	Enterprise Funds		
	Airport	Sewer	Solid Waste
Liabilities			
Current liabilities			
Accounts payable	1,179	2,510	869
Other accrued liabilities	130	239	544
Compensated absences	10	28	1
Unearned revenue	-	727	557
Current portion of long-term debt	3,695	1,965	-
Total current liabilities	5,014	5,469	1,971
Noncurrent liabilities			
Compensated absences and other post employment benefits	545	1,509	43
Interfund payables	-	-	-
Bonds payable	30,758	10,907	-
Total noncurrent liabilities	31,303	12,416	43
Total liabilities	36,317	17,885	2,014
Net Position			
Net investment in capital assets	128,706	267,025	237
Restricted for replacements			
West Boise Sewer District	-	1,138	-
Garden City Sewer District	-	1,285	-
Restricted for debt	830	-	-
Restricted for loans	-	-	-
Restricted for capital expansion	17,586	-	-
Unrestricted	34,473	41,019	2,219
Total net position	$ 181,595	$ 310,467	$ 2,456

See Notes to Financial Statements

(In Thousands)

Enterprise Funds		Governmental
Other Nonmajor Business - type Funds	Totals	Activities Internal Service Funds
280	4,838	118
106	1,019	3,178
1	40	2
781	2,065	-
140	5,800	-
1,308	13,762	3,298
115	2,212	116
64	64	491
280	41,945	-
459	44,221	607
1,767	57,983	3,905
17,211	413,179	559
-	1,138	-
-	1,285	-
-	830	-
346	346	-
-	17,586	-
11,562	89,273	6,278
$ 29,119	$ 523,637	$ 6,837

Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position

September 30, 2014

(In Thousands)

Amounts reported for business-type activities in the statement of net position are different because:

Total net position for Proprietary Fund Statement of Net Position:	$	523,637
The assets and liabilities of certain internal service funds is reported with business-type activities for the current year.		1,003
Net position of business-type activities	$	524,640

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	Enterprise Funds		
	Airport	Sewer	Solid Waste
Operating Revenues			
Charges for services			
Program income	$ -	$ -	$ -
Interest income	-	-	-
Rental income	6,286	58	-
Intergovernmental revenue	-	14	-
User fees	4,268	36,200	25,933
Parking and concessions	13,809	-	-
Miscellaneous	95	141	35
Donations	-	-	-
Total operating revenues	24,458	36,413	25,968
Operating Expenses			
Personnel services	5,976	12,990	383
Contractual services and utilities	5,364	8,531	24,559
Supplies and materials	7,021	2,998	99
Depreciation	12,180	9,488	44
Total operating expenses	30,541	34,007	25,085
Operating Income (Loss)	(6,083)	2,406	883
Nonoperating Eevenues (Expenses)			
Grants	426	-	-
Gain (loss) on property sale/exchange	(8)	14	-
Developer contributed refund	-	(172)	-
Interest revenue	430	689	244
Interest expense	(1,219)	(36)	-
Total nonoperating revenues (expenses)	(371)	495	244
Income (Loss) Before Interfund Transfers and contributions	(6,454)	2,901	1,127
Capital contributions	5,499	6,686	-
Passenger facility charges	5,292	-	-
Customer facility charges	892	-	-
Interfund transfers in	10	-	-
Interfund transfers out	-	-	(100)
Asset sales	-	-	-
Change in Net Position	5,239	9,587	1,027
Net Position - Beginning of Year, As Restated	176,356	300,880	1,429
Net Position - End of Year	$ 181,595	$ 310,467	$ 2,456

See Notes to Financial Statements

(In Thousands)

Enterprise Funds		Governmental Activities
Other Nonmajor Business - type Funds	Totals	Internal Service Funds
$ 4	$ 4	$ -
422	422	-
1,311	7,655	-
2,068	2,082	-
728	67,129	7,538
-	13,809	-
312	583	8
-	-	6
4,845	91,684	7,552
1,007	20,356	1,569
2,325	40,779	4,634
46	10,164	875
632	22,344	87
4,010	93,643	7,165
835	(1,959)	387
(673)	(247)	-
-	6	-
-	(172)	-
9	1,372	72
(30)	(1,285)	(9)
(694)	(326)	63
141	(2,285)	450
124	12,309	-
-	5,292	-
-	892	-
346	356	-
(146)	(246)	(13)
-	-	2,255
465	16,318	2,692
28,654	507,319	4,145
$ 29,119	$ 523,637	$ 6,837

Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities

September 30, 2014

(In Thousands)

Amounts reported for business-type activities in the statement of activities are different because:

Net change in net position - total business-type funds	$	16,318
Net revenues (expenses) of certain internal service funds is reported with business-type activities.		546
Change in net position of business-type activities	$	16,864

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	Enterprise Funds		
	Airport	Sewer	Solid Waste
Operating Activities			
Receipts from customers and users	$ 24,365	$ 36,649	$ 26,148
Receipts from interfund services provided	(13)	1,341	1
Receipts from interfund services used	-	-	-
Other operating revenue received	$95	141	35
Payments to suppliers	($12,506)	(11,838)	(24,198)
Payments to employees	(6,011)	(12,951)	(375)
Payments for interfund services provided	-	-	-
Payments for interfund services used	-	(131)	(8)
Net Cash from (used for) Operating Activities	5,930	13,211	1,603
Noncapital Financing Activities			
Interfund transfers to other funds	-	-	(103)
Receipts from advances to other funds	56	48	57
Grants received	581	-	-
Interfund transfers from other funds	10	-	-
Payments for advances from other funds	-	-	-
Net Cash from (used for) Noncapital Financing Activities	647	48	(46)
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(10,945)	(17,781)	-
Proceeds from sale of capital assets	15	183	-
Principal paid on debt	(3,850)	(1,932)	-
Interest paid on financing	(988)	21	-
Capital contributions received	-		-
Capital grants received	4,823		-
Hook-on fees received	-	6,768	-
Developer contributed refunds paid	-	(172)	-
Passenger facility charges	5,267	-	-
Customer facility charges	893	-	-
Net Cash used for Capital and Related Financing Activities	(4,785)	(12,913)	-
Investing Activities			
Purchase of investment securities	(31,825)	(28,287)	(1,967)
Proceeds from sale and matuirties of investment securities	22,820	20,896	97
Long-term advances	(1,885)	2,266	-
Interest on investments and advances	405	685	249
Net Cash used for Investing Activities	(10,485)	(4,440)	(1,621)
Net Change in Cash and Cash Equivalents	(8,693)	(4,094)	(64)
Cash and Cash Equivalents, Beginning of Year (included $6,778 for Airport restricted)	10,292	4,094	64
Cash and Cash Equivalents, End of Year (included $1,307 for Airport Restricted)	$ 1,599	$ -	$ -

See Notes to Financial Statements

(In Thousands)

Enterprise Funds: Other Nonmajor Business - type Funds	Enterprise Funds: Totals	Governmental Activities Internal Service Funds
$ 4,373	$ 91,535	$ 7,535
2,061	3,390	7
152	152	-
(2,251)	(1,980)	14
(1,052)	(49,594)	(7,647)
-	(19,337)	(1,567)
(634)	(634)	(364)
312	173	-
2,961	23,705	(2,022)
(146)	(249)	(13)
	161	-
(673)	(92)	-
346	356	-
(49)	(49)	-
(522)	127	(13)
(2,121)	(30,847)	(8)
-	198	2,255
(140)	(5,922)	-
(30)	(997)	(9)
222	222	-
-	4,823	-
-	6,768	-
-	(172)	-
-	5,267	-
-	893	-
(2,069)	(19,767)	2,238
-		
(890)	(62,969)	(6,476)
349	44,162	5,816
-	381	-
9	1,348	72
(532)	(17,078)	(588)
(162)	(13,013)	(385)
637	15,087	446
$ 475	$ 2,074	$ 61

	Enterprise Funds		
	Airport	Sewer	Solid Waste
Reconciliation of operating income to net cash from (used for) by operating activities:			
Operating income (loss)	(6,083)	2,406	883
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	12,180	9,488	44
(Gain) loss on disposal of capital assets	-	(14)	-
Changes in			
Accounts receivable	59	364	184
Assessments	-	82	-
Long-term accounts receivable	-	-	-
Mortgage loans receivable	-	-	-
Inventory	22	(142)	-
Interfund receivables	(13)	1,327	1
Other assets	-	1	-
Prepaid items	(78)	-	-
Accounts payable	(70)	536	869
Compensated absences	(30)	39	8
Other accrued liabilities	(57)	(761)	(246)
Interfund payables	-	(131)	(8)
Unearned revenue	-	16	(132)
Net Cash from Operating Activities	$ 5,930	$ 13,211	$ 1,603
Noncash investing activities:			
Increase (decrease) in fair value of investments	$ 18	$ 41	$ (9)

See Notes to Financial Statements

(In Thousands)

Enterprise Funds		Governmental
Other Nonmajor Business - type Funds	Totals	Activities Internal Service Funds
835	(1,959)	387
632	22,344	87
(1,901)	(1,915)	-
84	691	(3)
239	321	-
13	13	-
2,997	2,997	-
(49)	(169)	12
145	1,460	7
(46)	(45)	-
(2)	(80)	17
129	1,464	(5,345)
(45)	(28)	2
45	(1,019)	3,178
(634)	(773)	(364)
519	403	-
$ 2,961	$ 23,705	$ (2,022)
$ (8)	$ 42	$ -

(In Thousands)

	Health Insurance Self Funding Trust Fund	Boise City Agency Fund
Assets		
Cash and cash equivalents	$ 201	$ -
Receivables		
Accounts and interest	10	-
Investments		
Federal govenrmental agencies	3,510	-
Other investments	1,447	12
Total assets	5,168	12
Liabilities		
Intercompany payable	216	-
Other accrued liabilities	641	12
Total liabilities	857	$ 12
Net Position		
Held in trust for		
Employees' health insurance benefits	4,311	
Total net position	$ 4,311	

(In Thousands)

	Health Insurance Self Funding Trust Fund
Additions	
Contributions	
Employer	$ 347
Plan members	11,821
Investment earnings	
Net increase in fair value of investments	4
Interest	24
Pharmacy Rebate	117
Total additions	12,313
Deductions	
Insurance claim benefits	10,982
Administrative expenses	1,468
Total deductions	12,450
Change in Net Position	(137)
Net Position - Beginning of the Year	4,448
Net Position - End of the Year	$ 4,311

Note 1 - Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Boise (the City) conform to U.S. generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles (GAAP) for local governments include those principles prescribed by the Government Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) in the publication entitled "Audits of State and Local Governmental Units."

Financial Reporting Entity

As required by GAAP, these basic financial statements present the City and its component unit in conformance with the GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Under this statement, component units are organizations that are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

The Component Unit column in the accompanying financial statements contains the financial data for one of the City's component unit; the Capital City Development Corporation (CCDC). CCDC is a separate and distinct legal entity created by state statute but does not have fiscal independence from the City. The directors are appointed by the Mayor and approved by City Council. If CCDC should go out of business, the assets would revert to the City. CCDC is therefore included in the financial statements as a discretely presented component unit. The economic resources held by CCDC are significant to the City. CCDC provides urban renewal services and parking facilities for the citizens of the City. Complete financial statements of CCDC can be obtained from their office at 121 N. 9th Street, Suite 501 Boise, Idaho. The City has another component unit, Harris Ranch Community Infrastructure District No. 1. This is a separate legal entity that is duly organized and operated under Chapter 31, Title 50 of the Idaho Code. The assets, deferred outflows, liabilities, deferred inflows, revenues, and expenditures of this entity are blended within the City's financial statements.

Organizations for which the City is accountable because it appoints a voting majority of the board but is not financially accountable are referred to as related organizations. Financial information of related organizations is not included in the City's financial statements. The only related organization of the City is the Boise City/Ada County Housing Authority.

Government Wide and Fund Financial Statements

The government wide financial statements, which are the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its discretely presented component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Governmental activities for this fiscal year include the assets, deferred outflows, liabilities, deferred inflows, revenues, and expenditures of a legally separate entity (Harris Ranch Community Infrastructure District) that have met the blending requirements for component unit presentation. Similar to last fiscal year, the primary government and its blended component unit are reported separately from Capital City Development Corporation (CCDC). CCDC is a legally separated component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular function or segment. Taxes and other items not included among program revenues. These items are reported instead as general revenues. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds; even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds use the accrual basis of accounting, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Property taxes, sales and liquor taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual; and so have been recognized as revenues of the current period.

The government reports the following major governmental funds:

> The General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

> The Airport Fund accounts for the operation of the municipal airport. All operations, debt service, and capital additions are accounted for in the fund.

The Sewer Fund accounts for the operation of the portion of the sewer system owned by the City. Three sewer districts collect sewage within the City and contract with the City to process it in one of the two City operated plants. Debt service and capital improvements are also accounted for in this fund.

The Solid Waste Fund accounts for the City solid waste service. The collection service is contracted with an independent firm and Ada County landfill service.

Additionally, the government reports the following fund types:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are committed or legally restricted to finance particular functions or activities.

The Debt Service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt of governmental funds.

The Capital Projects Fund is used to account for financial resources used for the acquisition, construction, and improvement of major capital assets other than those financed by proprietary and fiduciary funds.

The Permanent Fund accounts for and reports resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's perpetual care of the City's cemetery.

Internal Service Funds account for vehicle maintenance, risk management, and arboretum services provided to other departments of the government or other government entities on a cost reimbursement basis.

The Health Insurance Trust is used to account for the City's self-insured health insurance trust. Plan assets are dedicated to providing health benefits to current and retired employees.

The Agency Fund accounts for items that must be held in trust for any reason. The major item accounted for in this fund is the Boise Improvement District payments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's sewer and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Indirect charges have been eliminated in the entity-wide statements.

Proprietary funds distinguish operation revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position or Equity

Cash and Investments

Cash represents cash on hand and in banks. Some of the cash resources of the individual funds are combined to form a pool of cash for cash management purposes. Investments made from pooled cash consist primarily of short-term investments. Typically, these funds are invested in money market mutual funds and the State of Idaho Local Government Investment Pool. Interest income earned as a result of pooling is distributed to the appropriate funds based on the average daily balance of pooled cash of each fund. Investments are reported at fair value except for money market investments with a remaining life to maturity at time of purchase of less than one year as required by GASB Statement No. 31. Fair value is estimated for investments without quoted market prices by using on line or other independent sources to identify market prices of similar investments.

Restricted cash equivalents are defined differently than unrestricted cash equivalents because they are restricted by an outside source. Restricted cash equivalents are reported in the statement of cash flows.

The City has entered into a custodial agreement with a financial institution for the purpose of providing safekeeping and custody of certain investments owned by the City. Idaho Code provides authorization for the investment of funds as well as specific guidelines as to what constitutes and allowable investment. The City's policy is consistent with these guidelines.

The City, except as indicated below, is limited to the following general types of investments:

- Certain revenue bonds, general obligation bonds, local improvement district bonds, tax and revenue anticipation notes, and registered warrants of state and local government entities.
- Time deposit accounts.
- Bonds, treasury bills, interest-bearing notes, debentures or other similar obligations of the United States Government and the Farm Credit System and its agencies and instrumentalities. U.S. Government Securities include U.S. Treasury receipts and U.S. Treasury Stripped Interest Payment series (STRIPS).
- Repurchase agreements.
- Banker's acceptance and prime commercial paper.
- Mutual or Money Market Funds.
- Corporate bonds rated A or better at the time of purchase.

Investments associated with the City's deferred compensation plans are subject to the investment guidelines of state laws governing such plans, which allow for investment in equity securities in addition to the investment alternatives indicated above. Investments associated with the Health Insurance Trust Fund must be allowable under both Idaho code 50-1013 and 68:401 et. Seq.

Receivables and Payables

Outstanding balances between funds at the end of the fiscal year are referred to as either "interfund receivables" or "interfund payables". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "interfund balances".

Idaho Code provides taxing entities the ability to levy property taxes for the current or ensuing year. The City levies property taxes, as most entities do, for the ensuing year. This results in the tax collections being received in the fiscal year they are budgeted for and used to pay expenditures of that period.

In the General Fund, there is an allowance for uncollectible amounts for any specific items in dispute.

In the proprietary funds, receivables are shown net of an allowance for uncollectible amounts. In the Sewer and Solid Waste Funds, the allowance consists of amounts equal to 15% of utility receivables. The Airport Allowance is made up of specific receivables turned over to collections.

The property tax calendar is as follows:

- Property taxes attach as an enforceable lien on property as of January 1st.
- Taxes are levied on the third Monday in September for the subsequent year.
- Ada County bills and collects property taxes for the City.
- The first half of the taxes is payable to Ada County by December 20th and the second by June 20th of the following year.

Taxes are remitted to the City in the month following collection.

Inventories

Inventories are stated at cost (first-in, first-out method). The cost of inventory items are recognized as expenditures in governmental financial statements and as expenses in government-wide and proprietary fund financial statements when used (consumption method).

Restricted Assets

Funds to meet bond reserve and debt service requirements for the debt service and enterprise funds, deferred compensation amounts held for the benefit of employees and cash from Passenger Facility Charges are classified as restricted assets since applicable bond indenture provisions, trust agreements, and federal regulations limit their use. While there is no written policy, the practice is to use restricted assets first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Property, Plant, and Equipment

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., sewer lines, runways, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets, as assets with an initial individual cost equal to $5 or more and an estimated useful life of at least three years. All material capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed. Any gain or loss arising from the disposal is credited or charged back to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total capitalized interest during the current fiscal year was $577 for Airport projects and $226 for Sewer projects.

(In Thousands)

Depreciation is recorded by use of the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	Estimated Useful Life (Years)
Buildings	7-50
Airport terminal building	40
Improvements other than buildings	5-75
Leasehold Improvements	10-45
Airport runways, taxiways and aprons	3-20
Airport terminal parking	7-15
Sewer service lines	20-100
Geothermal wells	40
Geothermal service lines	75
Office furniture and equipment	3-30
Vehicles	3-20
Machinery and equipment	3-50
Intangible assets, depreciating	3-10
Public art/library collection	10-30

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charges on refunding reported in the government-wide statement of net position and the proprietary funds' statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources revenue until that time. The City's unavailable revenues from property taxes are reported as deferred inflows of resources on the governmental funds balance sheet and government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Liabilities

Long-term liabilities consist of bonds, notes and other indebtedness including liabilities associated with compensated absences.

In the government-wide financial statements and proprietary fund type statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line or proportional interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize as expenditures bond discounts as well as bond issuance cost during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources.

The City complies with applicable arbitrage regulations.

Governmental Funds:

Revenue Refunding Bonds, Series 2011A - $24,665 of Refunding Bonds were issued to: a) refinance $23,850 of outstanding principal amounts of the Revenue Refunding Bonds Series 2001A that were originally issued in the amount of $28,445, and b) to pay for the costs of issuing the bonds.

Certificates of Participation (COP's) - The City issued $1,185 in COP's for a golf course improvement project. The obligation of the City to make payments is subject to annual renewal by appropriation of sufficient funds to make the payments. If the City fails to appropriate funds to make payments under the certificates, the certificate holders are entitled to be paid solely to the extent of monies previously appropriated for certificate payments, amounts held in trust accounts under the agreement, and the monies which become available from foreclosure. The City is not liable to pay any deficiency in the event such sums are not adequate to pay the unpaid amount due.

Capital Lease – During FY 2002, the City entered into a $6,500 lease with Ada County to utilize the building adjacent to City Hall. At the end of the lease, the City will have the option to purchase the building.

Other Debt – A legally separate blended component unit of the City (Harris Ranch Community Infrastructure District) issued $75 of Bond Anticipation Notes and $3,920 of Special Assessment Bonds at September 30, 2011. The Bond Anticipation Note is a general obligation of the District whereas the Special Assessment bond is to be repaid by assessments against individual properties within the District. During the year ended September 30, 2013, the District issued a $319 General Obligation Bond. These debt issues are not an obligation of the City. During the year ended September 30, 2014, the District issued a $77 General Obligation Bond.

Compensated Absences Payable – Boise City provides vacation and sick leave to its non-temporary full-time and part-time employees who regularly work 19 hours/week or more. Accrued vacation is paid to employees when taken or upon separation of employment, other than retirement. Accrued vacation is paid to the employee's beneficiary(s) upon death. Retiring employees' working 20 hours/week or more have accrued vacation paid into their Voluntary Employees' Beneficiary Association (VEBA) account. Police Lieutenants may elect to be paid each year for one-half of their accrued unused vacation balance at the end of each calendar year. The value of unused vacation accumulated by City employees is accrued as expense when incurred in Proprietary funds and the entity-wide financial statements; both use the accrual basis of accounting. In the Governmental Fund statements only the amount that normally would be liquidated with expendable available financial resources is accrued as current year expenditures and therefore compensated absences are recognized only when they mature. Unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Sick leave is paid to employees when taken and the cost is recognized when payment is made. Retiring employees working 20 hours/week or more have accrued sick leave paid into their VEBA account. Employees that have reached the specified Minimum Funding Standard may not have funds paid to VEBA above that dollar amount. Rather, they receive cash payment for remaining sick leave balances in their final pay. Employees who separate for reasons other than retirement receive no cash payment for accrued, unused sick leave. See the separate discussion of the VEBA below.

Enterprise Funds:

Airport Revenue Bonds – The City issued Airport Revenue Bonds, Series 2012 in the amount of $11,760. The bonds were issued to construct an expansion to the existing parking structure at the Airport. The pledged revenue to cover the bonds includes all Airport operating revenue, interest income, operating grants and excludes revenue from capital grants, customer facility charges and passenger facility charges. Operating and maintenance expenditures excludes interest expense, gain on property sale/exchange, depreciation, expenditures and debt service on any obligations payable from airport revenues. In FY 2014, the net available revenue pledged to the bonds was $6,953. The debt service was $430 principal and $399 interest giving a coverage ratio of 8.39. Note IV G contains the bond terms.

Airport Refunding Bonds – The City issued the Airport Revenue Refunding Bonds Series 2011 in the amount of $32,480. The bonds were used to: a) refinance the outstanding principal amount of the Airport Revenue COPS, Series 2000 originally issued in the aggregate amount of $52,000 and (b) to pay the costs of issuing the bonds. The pledged revenue to cover the bonds includes all Airport operating revenue, interest income, operating grants and passenger facility charges. It excludes interest expense, gain on property sale/exchange, depreciation, expenditures and debt service on senior and parity debt related to passenger facility charges. In FY 2014 the net available revenue pledged to the bonds was $10,431. The debt service was $3,092 principal and $1,327 interest giving a coverage ratio of 2.36. Note IV G contains the bond terms.

Wastewater Facility Refunding Bonds – Series 2013 The City issued the Wastewater Facility Refunding Bonds, Series 2013 in the amount of $16,699. The proceeds from the refunding bonds were used to extinguish two forms of debt: a) refinance $9,945 of outstanding principal of the 1999 Refunding Bonds originally issued in the aggregate amount of $22,145; (b) to refund $7,339 of outstanding DEQ Loans originally issued in the aggregate amount of $8,912; and (c) to pay the costs of issuing the bonds. In FY 2014, the net available revenue pledged to bonds was $12,583. The debt service was $1,932 principal and $243 interest giving a coverage ratio of 5.79. Note IV G contains the bond terms.

Section 108 Advance – The City has entered into an advance with the United States Department of Housing and Urban Development to convert facilities for use as affordable housing units. Optional redemption is available for principal amounts due on or after August 1, 2013.

Deferred Compensation

The City has two deferred compensation plans. The first is available to regular employees other than sworn police officers and the second for regular sworn police officers including Lieutenants, Commanders and the Chief. Employees may make voluntary contributions to the plans within the dollar limits allowed by the Internal Revenue Service Code Section 457. The City matches any contribution made by a sworn police officer up to a maximum of 6.2 percent of base salary each plan year; Lieutenants are matched at 3.5 percent; Commanders are matched at 7.5 percent and the Chief is matched at 8 percent. The City also matches the contribution of general employees other than Senior Managers, based on years of service, up to a maximum of 2 percent. Senior Managers are matched at 4 percent. The City matches contributions made by Department Heads at 4.5 percent of salary per plan year. Fire Fighters do not receive matching funds toward their contributions to the plan.

The City has no liability for losses under the plan but the Administrative Board does have fiduciary responsibility regarding oversight of the plan and the investment options made available to participants. The assets held in the City's Deferred Compensation Accounts are not presented in the City's Comprehensive Annual Financial Report.

(In Thousands)

Voluntary Employees' Beneficiary Association

The City has a Voluntary Employees' Beneficiary Association Plan for all regular full and part time employees working 20 hours or more per week. The City makes annual contributions to a medical trust established under IRS code section 501(c)(9) on behalf of the participants utilizing existing funding sources. Individual accounts are established for the benefit of and are the property of each participant. Each participant is responsible for selecting the investment options for his/her account. Upon separation from service, the employee may use the accumulated balance for IRS allowable medical expenses for themselves and qualified dependents. The City has no ongoing responsibility for the trust and has not recorded it in the financial statements. During 2013, union employees were paid $90 and $114 was paid to non-union employees similarly situated into VEBA accounts.

Postretirement Benefits

By City Council authorization, the City provides all employees eligible to retire under the Public Employee Retirement System of Idaho, a $10,000 life insurance policy, the premium of which is paid for by the City. Additionally, the City contributes $100 per month toward a retiree health insurance plan for retirees under the age of 65. For post-65 retirees, the City contributes $50 per month towards a City-offered Medicare Advantage plan. Funds for the estimated liability associated with the governmental fund types are set-aside in the Debt Service Fund. Amounts related to the proprietary fund types are provided for separately in those funds. This is a single employer plan and all changes and/or amendments to the plan require City Council approval. The decision on funding methodology resides with the Mayor and the City Council. The Health Trust issues its own separate report. A copy can be obtained by contacting Boise City Controller Jim McMahon at (208) 384-3798.

The postretirement benefits are determined on an actuarial basis. Actuarial valuations of the postretirement benefits were done as of September 30, 2014 and are determined on a prospective basis. The unfunded actuarially accrued liability (UAAL) is $12,179 – this is 12% of the covered payroll. The liability is considered unfunded due to the decision of the City to not place the funds in a trust. The annual required contribution (ARC) for fiscal year 2014 is $1,314. The ARC is made up of the benefits earned in the current period and an amount of the unfunded AAL on a straight line amortization method. Since these funds were not placed in a trust, the expense and offsetting liability are reflected in the financial statements. The actuarial cost method used is the Projected Unit Credit Actuarial Cost method. The table below summarizes the Other Postemployment Benefits (OPEB) costs.

Annual required contribution (ARC)	$ 1,314
Interest on net OPEB obligation	250
ARC Adjustment	(376)
Annual OPEB cost	1,188
Contributions made and adjustments	(485)
Increase in net OPEB obligation	703
Net OPEB obligation - beginning of year	7,150
Net OPEB obligation - end of year	$ 7,853

(In Thousands)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	$ 1,198	40%	$ 6,194
9/30/2013	1,296	26%	7,150
9/30/2014	1,188	41%	7,854

Schedule of Funding Progress for the City of Boise

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b-a)/c)
9/30/2012	$ -	$ 11,549	$ 11,549	0%	$ 94,509	12%
9/30/2013	-	12,411	12,411	0%	95,642	13%
9/30/2014	-	12,179	12,179	0%	98,743	12%

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of September 30, 2014 was 23 years.

The significant actuarial assumptions used to determine funding requirements are: a) a discount rate of 3.65%, b) an expected Asset Return rate of 3.65%, c) the percentage of eligible retirees electing spousal health coverage is 10% for general employees and 40% for Fire and Police, d) the termination rates for general employees are based on the July 1, 2013 Public Employees Retirement System of Idaho assumptions. Termination rates for Fire and Police are based on Boise City historical data, e) employees are assumed to retire based upon the July 1, 2013 Public Employees Retirement System of Idaho assumptions, f) a general wage increase assumption of 3.75% plus promotions and longevity, and g) an inflation rate of 3.25% was utilized.

As of September 30, 2014, there are 1,011 active plan participants. On that date, the City had 59 retirees and 19 dependent receiving health insurance benefits under the City’s Health Trust. The Health Trust is entirely administered by Union representatives. The City has no management responsibility for the Trust. As of September 30, 2014, there were 580 retirees receiving life insurance coverage paid for by the City. Each retiree’s life is insured for $10,000.

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, or employee injuries. The City has a Risk Management Fund (an internal service fund to account for and finance these risks of loss.) The self-insured retention is summarized as follows:

Fiscal Year	Liability Coverage		Property Coverage		Workers' Compensation Coverage	
	Per Incident	Aggregate	Per Incident	Aggregate	Per Incident	Aggregate
2014	$500	unlimited	$50	unlimited	$500	unlimited

The City has purchased commercial insurance for claims in excess of these amounts.

All funds of the City participate in the program except for liability coverage for the Airport Fund, which is insured under a separate policy purchased from an outside insurance carrier. Amounts to be provided for funding of the self-insured retention are based on actuarial estimates of the amounts necessary to pay and current year claims and to establish a reserve for catastrophic losses.

A liability for claims is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Self-Insurance Health Trust Fund

In 2005, the City created a trust fund for its health insurance costs. Plan assets are dedicated to provide benefits to City employees and retirees. The assets are legally protected from creditors and employer contributions to the plan are irrevocable. The trust is basically self-insured but has stop-loss for claims over $200 with an aggregate limit of 120% of aggregate claims.

Fund Equity

Governmental funds report fund balance in two major categories: non-spendable and spendable components. Nonspendable fund balance represents resources that cannot be spent due to their form. Governmental fund balance that is available for spending is classified into four reporting categories: Restricted, Committed, Assigned, and Unassigned. Restricted fund balance represents resources that can only be spent based upon external party restrictions. Committed Fund Balance represents City Council mandated constraints imposed on the use of funds. Assigned Fund Balance represents management's intended use of resources. Unassigned Fund Balance represents resources that have not been classified in one of the aforementioned categories.

Enterprise Funds report Net Position into three major categories: Net Investment in Capital Assets, Restricted, and Unrestricted.

Impact of Recently Issued Accounting Principles

During 2014, the City implemented GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities,* which clarifies the use of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement requires certain items which were previously reported as assets and liabilities to be reported as deferred outflows of resources, deferred inflows of resources and as revenues or expenditures. See Note M for the effect of the implementation GASB 65 had on the City's financial statements.

During 2014, the City also early implemented the provisions of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69). GASB 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. See Note L and M for the effect of the implementation GASB 69 had on the City's financial statements.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results form a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of this adoption of this statement of the City's financials.

II. Reconciliation of Government-Wide and Fund Financial Statements

Reconciliations of government-wide and fund statements are used to explain certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities. The reconciliations are contained in the Basic Financial Statements.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The basis of budgeting refers to the conventions for recognition of costs and revenues in budget development and in establishing and reporting appropriations, which are the legal authority to spend or to collect revenues.

The City used a modified accrual basis for budgeting in governmental funds. Under Idaho State Law, unspent appropriations from prior years must be specifically "rebudgeted," via resolution of the City Council, or "encumbered," in order to be carried forward into the next fiscal year. A valid, legal commitment such as a contract or purchase order is required for encumbrances.

Proprietary funds are budgeted using accrual concepts. However, all operating and capital expenses that will be incurred during the year and income to be received and credited to the year are identified in the budgeting process because of the need for appropriation authority.

The budget is fully reconciled to the accounting system at the beginning of the year, and in preparing the Comprehensive Annual Financial Report (CAFR) at year end. A number of adjustments are made to reflect balance sheet needs and their effect on the budget. These include changes in designations and reserves and recognition, via studies and analysis of various sorts, of accrued liabilities. Amounts needed for such long-term liabilities as future payoffs of accumulated employee vacation and sick leave, are budgeted as they are recognized via actuarial projections and subsequently adjusted to actual amounts. The budget does not recognize capital construction expense in enterprise funds in the same manner as in the Comprehensive Annual Financial Report. Reconciliations are completed in quarterly and annual budget to actual reports.

The City uses a two-year budget format to facilitate a strategic approach to financial planning and to reduce the time spent in budget preparation. The FY 2014 budget was the first year of the FY 2014 and 2015 Two-Year Budget.

Idaho State Code does not recognize the concept of a two-year budget and requires the City to adopt an annual budget each year through formal publishing and hearing requirements and by adopting an annual appropriation ordinance. Therefore, each year of the two-year budget is separately adopted consistent with State Code requirements. However, administratively, the two-year budget incorporates both annual budgets and the second year adoption entails a streamlined mid-biennium review and revision process to address changes from the time that the two-year budget was developed. The City of Boise has established a Six-Year Financial Plan that includes financial and human resource policies that provide direction for accounting, budgeting, cash management, and other financial management for the City. The policies provide broad direction for financial planning, control and reporting.

The following procedures are used to establish budgetary control:

1. Prior to October 1, the budget for all governmental and proprietary funds is legally enacted (adoption) through passage of an ordinance which includes public process hearings.

2. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Total appropriations represent budget amounts as originally adopted plus current year adjustments for City Council approved prior year encumbrances, uncompleted items (primarily capital and equipment) carried forward to the following year and new projects or expenditures approved by City Council from prior year turn back dollars and appropriation changes approved during the year.

3. Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, Enterprise, Internal Service and certain Trust Funds. To provide oversight and control, the Mayor’s Executive Management Team reviews all proposed changes to the budget that are exceptions to department director authority.

4. During the fiscal year, all expenditures are authorized by Invoice, Purchase Order, or Journal Entry. These expenditures are reviewed according to procedures outlined in the City Code related to budget authority, funds availability, adherence to City purchasing procedures, and sound business practice.

5. Department directors have defined discretionary authority to transfer budget appropriation amounts within approved budget totals, between line items within funds, and consistent with the Mayor’s Budget Flexibility Guidelines. Department directors cannot initiate inter-departmental transfers without City Council approval.

6. Transfer of budget appropriations between funds are approved by the City Council. Revisions increasing total expenditure appropriation of any fund or adding permanent employee positions must be approved by the City Council. Any transfers of contingent funds require Mayor and City Council approval. State law does not allow fund expenditures to exceed fund appropriation. Appropriations lapse at year-end unless they are carried forward though the City’s budgetary process.

Idaho State Code allows the City to reopen the annual budget if a need for increased appropriations beyond the budgeted total is experienced. The reopened budget must be adopted by following a process similar to that, which was used to adopt the original budget, including public hearings and adoption of a revised annual appropriations ordinance. The legal requirement of budgetary control in the State of Idaho is at the fund level. No supplemental appropriations were necessary during fiscal year 2014.

(In Thousands)

IV. Detailed Notes on All Funds

A. At September 30, 2014, cash and investments, including restricted investments were invested as follows:

	Carrying Amount	Bank Ledger Balance
Cash - demand deposits		
Insured and Collateralized	$ 13,943	$ 13,801
Less: Fiduciary Fund Balance	(201)	(201)
Total Net Cash	$ 13,742	$ 13,600

	Fair Value
Investments	
Commercial paper	$ 14,994
U.S. Agency Securities	77,503
U.S. Treasury Securities	25,998
Certificates of Deposit	491
Money market and mutual funds	10,309
Local Government Investment Pool	54,093
Subtotal	183,388
Less: restricted and fiduciary fund investments	(23,836)
Total net investments	$ 159,552

Deposit and Investment Policies

Idaho Code 50-1013 limits the City's legal investments to savings accounts, prime commercial paper, general obligations of the State of Idaho and United States Treasury, notes, bonds, and obligations of Government Sponsored Enterprises (FNMA, FHLMC, FFCB, FHLB), A-rated corporate bonds, and money market and mutual funds whose portfolios consist of the aforementioned underlying instruments.

The City's Investment Policy requires that investments within the portfolio are to be diversified as to security type, duration, and issuer in order to maintain a balanced portfolio. The policy does not place specific restrictions with regard to credit, concentration, and interest rate risks. The City only conducts investment purchases on a delivery-vs-payment basis with all securities held by a safekeeper, in the City's name, to eliminate custodial credit risk.

(In Thousands)

Interest Rate Risk

As of September 30, 2014 the City had the following investments:

Investments by Type	Fair Value	Effective Duration
Commercial Paper	$ 14,994	0.215
U.S. Agency Securities	77,503	1.705
U.S. Treasury Securities	25,998	1.896
Certificates of Deposit	491	1.475
Money Market and Mutual Funds	10,309	Not available
Local Government Invesmtent Pool	54,093	Not available
Total	$ 183,388	
Portfolio Effective Duration		1.023

In accordance with the City's Investment Policy of diversifying its investments as to type, issuer, and maturity; the City chooses to monitor its interest rate risk exposure utilizing effective duration. Effective duration is the preferred method for callable securities, and measures the price sensitivity of an investment or portfolio, taking into account that expected cash flows will change as interest rates change. The effective duration of the City's Investment Portfolio was 1.023 on September 30, 2014.

Credit Risk – Credit Quality Distribution

Investments by Type	Credit Rating	Portfolio Percentage
Commercial Paper	A1/P1	8.18%
U.S. Agency Securities	AA+	42.26%
U.S. Treasury Securities	AA+	14.18%
Certificates of Deposit	N/A	0.27%
Money Market and Mutual Funds	AAA	5.62%
Local Government Invesmtent Pool	Not Rated	29.50%
Total		100.00%

All agency securities within the portfolio at September 30, 2014 are rated AA+ by Standard and Poor’s or Aaa by Moody's. All commercial paper held in the Portfolio on September 30, 2014 is rated A1/P1 by Standard and Poor’s and Moody's, respectively. All money market mutual funds are rated AAAm by Standard and Poor's and Aaa-mf by Moody’s as of September 30, 2014. An interest bearing FDIC insured account is maintained at Key Bank with a $250,000 balance. The State of Idaho Local Government Investment Pool is unrated.

Custodial Credit Risk

As of September 30, 2014, the City's Investment Portfolio was held in the City's name by a third-party custodian. Consequently, the City is not exposed to custodial credit risk.

(In Thousands)

Concentration of Credit Risk

In order to maintain a balanced Portfolio, the City's Diversification Policy requires that investments within the Portfolio be diversified as to type of security, duration, and issuer. Consequently, to the extent allowed by State Code, the Investment Policy does not specifically place limits on amounts invested in any one issuer. On September 30, 2014, the City's investment portfolio exceeded 5% of total Portfolio value in the following issuers:

Issuer	Portfolio Percentage
Federal Home Loan Bank	10.07%
Federal Home Loan Mortgage Corporation	15.76%
Fannie Mae	13.62%
US Treasury	14.05%

B. Receivables

	General	Airport	Sewer	Solid Waste	Nonmajor and Other Funds	Fiduciary	Total
Receivables							
Interest	$ 9	$ 95	$ 69	$ -	$ 422	$ 10	$ 605
Taxes	125,807	-	-	-	694	-	126,501
Accounts	6,149	912	5,564	2,101	2,993	-	17,719
Passenger Facility							-
Charges	-	438	-	-	-	-	438
Special Assessments	9	-	2,080	-	5	-	2,094
Grants	74	1,647	-	-	963	-	2,684
Loans	-	-	-	-	8,941	-	8,941
Gross Receivables	132,048	3,092	7,713	2,101	14,018	10	158,982
Less: Allowance for uncollectibles	-	4	272	328	1,901	-	2,505
	$ 132,048	$ 3,088	$ 7,441	$ 1,773	$ 12,117	$ 10	$ 156,477

Airport, and Other Funds includes $2,083, and $590 of long-term receivables, respectively. This is included in the Statement of Net Position under Noncurrent Assets.

(In Thousands)

C. Restricted Assets

	Debt Reserve Funds	Bond/Interest Lease Pmt Fund	Specific Purposes	Total
Government Fund Type				
Community Infrastructure District #1	$ 419	$ 32	$ -	$ 451
Enterprise Fund Type				
Airport Garage 2012	830	-	-	830
Specific Purpose				
Airport PFC Restriction	-	-	17,109	17,109
Airport DEQ Trust	-	-	477	477
Subtotal	-	-	17,586	17,586
Total All Funds	$ 1,249	$ 32	$ 17,586	$ 18,867

Funds set aside for payment of Governmental and Enterprise Fund debt are classified as restricted assets, since their use is limited by applicable debt agreements. Amounts restricted for specific purposes are presented above.

(In Thousands)

D. Capital Assets

A Summary of the changes in capital assets for the year ending September 30, 2014, follows:

Governmental activities

	Balance October 1, 2013	Additions	Transfers	Deletions	Balance September 30, 2014
Capital assets, not being depreciated					
Land	$ 71,992	$ 1,248	$ 571	$ (72)	$ 73,739
Intangible assets	474	140	-	-	614
Construction in progress	2,713	3,271	(2,438)	(100)	3,446
Total capital assets, not being depreciated	75,179	4,659	(1,867)	(172)	77,799
Capital assets, being depreciated					
Buildings	86,138	1,797	520	(1,269)	87,186
Improvements other than buildings	75,051	2,239	461	(151)	77,600
Automobiles and trucks	25,802	3,494	74	(1,530)	27,840
Machinery and equipment	31,888	1,752	597	(778)	33,459
Leasehold improvements	1,662	-	-	-	1,662
Intangible assets	7,020	121	182	(268)	7,055
Other capital assets	9,393	940	33	(10)	10,356
Total capital assets being depreciated	236,954	10,343	1,867	(4,006)	245,158
Less accumulated depreciation for:					
Buildings	34,103	2,647	-	(964)	35,786
Improvements other than buildings	38,459	2,724	-	(133)	41,050
Automobiles and trucks	15,877	2,288	-	(1,515)	16,650
Machinery and equipment	19,731	1,857	-	(763)	20,825
Leasehold improvements	845	151	-	-	996
Intangible assets	3,103	459	-	(268)	3,294
Other capital assets	6,767	411	-	(1)	7,177
Total accumulated depreciation	118,885	10,537	-	(3,644)	125,778
Total capital assets, being depreciated, net	118,069	(194)	1,867	(362)	119,380
Governmental activities capital assets, net	$ 193,248	$ 4,465	$ -	$ (534)	$ 197,179

(In Thousands)

Business-type activities

	Restated Balance October 1, 2013	Additions	Transfers	Deletions	Balance September 30, 2014
Capital assets, not being depreciated					
Land	$ 35,522	$ 287	$ -	$ -	$ 35,809
Intangible assets	470	-	7	-	477
Construction in progress	35,678	20,479	(28,530)	(2)	27,625
Total capital assets being depreciated	71,670	20,766	(28,523)	(2)	63,911
Capital assets, being depreciated:					
Buildings	266,101	2,841	16,285	(771)	284,456
Land improvements/terminal parking	59,741	1,321	9,877	-	70,939
Improvements other than buildings	41,440	519	338	(104)	42,193
Service lines	205,943	2,619	564	-	209,126
Automobiles and trucks	18,654	1,484	127	(318)	19,947
Machinery and equipment	70,783	1,091	535	(490)	71,919
Intangible assets	1,229	114	904	(37)	2,210
Other capital assets	818	21	30	-	869
Total capital assets being depreciated	664,709	10,010	28,660	(1,720)	701,659
Less accumulated depreciation for:					
Buildings	104,876	8,240	-	(519)	112,597
Land improvements/terminal park	38,196	3,644	-	-	41,840
Improvements other than building	28,764	2,442	-	(101)	31,105
Service lines	52,744	2,150	-	-	54,894
Automobiles and trucks	10,505	1,359	127	(318)	11,673
Machinery and equipment	47,299	4,065	10	(477)	50,897
Intangible assets	1,017	417	-	(37)	1,397
Other capital assets	216	27	-	-	243
Total accumulated depreciation	283,617	22,344	137	(1,452)	304,646
Total capital assets, being depreciated, net	381,092	(12,334)	28,523	(268)	397,013
Business-type activities capital assets, net	$ 452,762	$ 8,432	$ -	$ (270)	$ 460,924

(In Thousands)

Depreciation expense was charged to the government functions as follows:

General Government	$ 2,287
Fire	1,844
Police	1,210
Parks and Recreation	3,624
Culture and Library	802
Community Service	682
Total governmental functions	10,449
Depreciation on transferred property	
Capital assets held by the government's internal service funds charged to various functions based on their usage	88
Total Depreciation Expense - Governmental Activities	$ 10,537

Depreciation expense was charged to business-type activities as follows:

Airport	$ 12,180
Sewer	9,488
Solid Waste	44
Geothermal	195
Municipal Irrigation	8
Housing Rehabilitation	429
Total Depreciation Expense - Business-type Activities	$ 22,344

E. Interfund Receivables, Payables and Transfers

The composition of the interfund balances at September 30, 2014 is as follows:

	Receivable (Due to) Fund	
	Non-major	Total
Payable (Due from) Fund		
General	$ 222	$ 222
	$ 222	$ 222

Advances to/from other funds as of September 30, 2014:

Receivable Fund	Payable Fund	Amount
Internal Service	Airport	$ 48
Internal Service	Solid Waste	443
Non-major prop	Sewer	64
		$ 555

(In Thousands)

The amount not expected to be repaid within one year from the Sewer and Airport Funds to the Fleet Services Fund was $64 and $48, respectfully. The $443 balance of the loan from the Sewer Fund to the Geothermal Fund is the result of stopping the planned payments for fiscal year 2015 on a temporary basis to ensure adequate cash flow for a major pipeline extension. This temporary suspension started in FY 2009.

	Transfers in				
	General	Non-major Governmental	Airport	Non-major Proprietary	Total
Transfers out					
General	$ -	$ 16,932	$ -	$ 200	$ 17,132
Solid Waste	103	-	-	-	103
Non-major Governmental	53	-	-	-	53
Transfers out of government-wide capital assets	-	-	10	146	156
	$ 156	$ 16,932	$ 10	$ 346	$ 17,444

Significant Transfers Out during FY 2014 were as follows: a) net transfer from the General Fund to the Capital Projects Fund for authorized projects ($14,718) and transfer correction ($26); b) transfers from the General Fund to the Debt Service and Perpetual Care Funds for debt service payments ($2,214).

(In Thousands)

F. Risk Management – Claim Liability

	2014		2013
General Liability			
Total unpaid claims and claim adjustment expenses at September 30 of prior year	$ 2,312	*	$ 1,948
Provision for self-insured events of the current year	437		415
Total incurred claims and claims adjustment expenses	2,749		2,363
Payments			
Claims and claim adjustment expenses attributable to self insured events of the current year	44		29
Claims and claim adjustment expenses attributed to self insured events of prior years	121		22
Plus close-out of prior years' reserves	1,363		-
Total payments	1,528		51
Total unpaid claims and claim adjustment expenses at September 30	$ 1,221		$ 2,312

	2014	2013
Workers Compensation		
Total unpaid claims and claim adjustment expenses at September 30 of prior year	$ 3,054	$ 2,807
Provision for self-insured events of the current year	1,191	1,278
Total incurred claims and claims adjustment expenses	4,245	4,085
Payments		
Claims and claim adjustment expenses attributable to self insured events of the current year	545	556
Claims and claim adjustment expenses attributed to self insured events of prior years	866	475
Plus close-out of prior years' reserves	877	-
Total payments	2,288	1,031
Total unpaid claims and claim adjustment expenses at September 30	$ 1,957	$ 3,054
Total Risk Management Other Accrued Liabilities as of September 30	$ 3,178	$ 5,366

*Property self insurance liability amounts introduced in 2014.

(In Thousands)

G. Long-Term Debt

The following is a summary of changes in long-term obligations of the City at September 30, 2014.

	Long-Term Obligations at October 1, 2013	Additons	Deletions	Long-Term Obligations at September 30, 2014	Due Within One Year
Governmental Activities					
Refunding Bonds 2011	$ 23,760	$ -	$ (935)	$ 22,825	$ 960
Plus premium	482	-	(43)	439	-
Capital leases					
Golf Course Improvement Project	105	-	(105)	-	-
City Hall 2	480	-	(480)	-	-
Other long-term debt obligations					
Harris Ranch CID BA Bond	3,875	-	(40)	3,835	40
Harris Ranch CID GO BA Note	38	-	(1)	37	37
Harris Ranch CID GO Bond 2013	319	-	(63)	256	32
Harris Ranch CID GO Bond 2014	-	77	-	77	77
Compensated Absences					
OPEB	11,117	2,232	(1,973)	11,376	204
Total Governmental Activities	40,176	2,309	(3,640)	38,845	1,350
Business-Type Activities					
Revenue bonds					
Airport Revenue Refunding 2012	11,235	-	(430)	10,805	440
Plus premium	697	-	(62)	635	-
Airport Revenue Refunding 2011	25,245	-	(3,095)	22,150	3,255
Plus premium	1,126	-	(263)	863	-
WW Facility Refunding 2012	14,804	-	(1,932)	12,872	1,965
Other long-term debt obligations					
Section 108 Advance	560	-	(140)	420	140
Compensated Absences/OPEB	2,280	377	(405)	2,252	40
Total Business-Type Activities	55,947	377	(6,327)	49,997	5,840
	$ 96,123	$ 2,686	$ (9,967)	$ 88,842	$ 7,190

For Governmental Activities, the General Fund generally liquidates compensated absences.

(In Thousands)

Governmental Activities:

Bonds		
Refunding Bonds 2011A:		
$24,665 Revenue Refunding Bonds due in annual installments of $905 to $1,680 through 2032, interest accrues at 3.00% to 4.00%.	$	22,825
Plus premium		439
Harris Ranch CID SA Bond		
$3,920 due in annual installments of $40 to $360, 2014 through 2040, interest accrues at 9.00%.		3,835
Harris Ranch CID GO Bond 2013:		
$319 due in annual installments of $32 to $77, 2014 through 2018, interest accrues at 3.57%.		256
Harris Ranch CID GO Bond 2014:		
$77one time annual installment, matures in 2015, accrues interest at 2.56%.		77
Notes Payable		
Harris Ranch CID GO BA Note:		
$75 due in annual installments of $1 to $37, 2013 through 2015, interest accrues at 7.00%		37
Other long-term liabilities		
Compensated absences/OPEB		11,376
Total governmental activities		38,845

(In Thousands)

Business-type Activities:

Revenue Bonds		
Airport Revenue Bonds - Series 2012:		
$11,760 Bonds due in annual principal installments of $430 to $795 and semi-annual interest installments of $19 to $199 through 2032 interest accrues at 2.00% to 4.00%. Callable on or after September 1, 2012		10,805
Plus premium		635
Airport Revenue Refunding Bond - Series 2011:		
$32,480 Bonds due in annual principal installments of $2,860 to $4185 and semi-annual interest installments of $120 to $780 through 2020; interest accrues at 4.00% to 5.75%. Not callable.		22,150
Plus premium		863
Wastewater Facility Note Refunding Bonds - Series 2012:		
$16,699 Refunding bonds due in annual installments of $192 to $1,895 through 2026; interest accrues at 1.735%.		12,872
Loans Payable		
Section 108 Loan:		
$2,100 Section 108 loan due in annual installments of $140 through 2017; interest accrues at 3.45% to 5.77%.		420
Other long-term liabilities		
Compensated Absences/OPEB		2,252
Total Business-type Activities		49,997
Total Long-Term Liabilities	$	88,842

Conduit Bonds

The City is authorized under Title 50 Chapter 27 of the *Idaho Code* to create an industrial development corporation for the purpose of issuing Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of manufacturing, processing, production, assembly, warehousing, solid waste disposal, ski area and energy facilities (excluding facilities to transmit, distribute or produce electrical energy). Ordinance No. 4700 of the City created the Industrial Development Corporation of the City of Boise, Idaho.

From time to time the City, through the Industrial Development Corporation, has issued Industrial Revenue Bonds. The bonds are payable solely from payments received from the private-sector entity served by the issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity. Pursuant to Title 50 Chapter 2706 of the *Idaho Code*, neither the City, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(In Thousands)

As of September 30, 2014, there were no Industrial Revenue Bonds outstanding.

The annual requirements to amortize all debt outstanding as of September 30, 2014 excluding obligations associated with compensated absences, and post-retirement benefits are as follows:

Fiscal	Governmental Activities		Business-type Activities		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 1,146	$ 1,108	$ 5,800	$ 1,791	$ 6,946	$ 2,899
2016	1,108	1,071	6,010	1,573	7,118	2,644
2017	1,145	1,035	6,226	1,345	7,371	2,380
2018	1,182	996	6,300	1,118	7,482	2,114
2019	1,145	961	6,566	856	7,711	1,817
2020-2024	6,315	4,197	9,150	1,700	15,465	5,897
2025-2029	7,535	2,978	3,900	810	11,435	3,788
2030-2034	5,745	1,344	2,295	186	8,040	1,530
2035-2039	1,395	560	-	-	1,395	560
2039-2042	314	32	-	-	314	32
Total	$ 27,030	$ 14,282	$ 46,247	$ 9,379	$ 73,277	$ 23,661

In Idaho, a municipality is allowed a debt limit of two percent of the market valuation of the real and personal property in its taxing area. The City’s legal debt limit for 2014, based on data available from Ada County, would be approximately $327,112.

H. Pension Plan

Substantially all full-time employees of the City participate in the Public Employees Retirement System of Idaho (PERSI), a cost-sharing multiple-employer public employee retirement system, created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute.

Designed as a mandatory system for eligible state and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each year of credited service, the annual service retirement allowance is 2.0 percent or 2.3 percent (depending upon employee classification) of the average monthly salary for the highest consecutive forty-two months.

(In Thousands)

For the year ended September 30, 2014, the required contribution rates, as determined by PERSI, are as follows:

	Employee	Employer
General Member	6.79%	11.32%
Police	8.36%	11.66%
Fire (hired after October 1, 1980)	8.36%	28.90%
Fire (hired before October 1, 1980)	11.45%	37.55%

The combined contributions from the City and employees were $26,503, $28,555, and $20,973 for the three years ended September 30, 2014, 2013 and 2012, respectively.

I. Fund Balance Classifications

Governmental funds report fund balance in two major components: nonspendable and spendable components. Nonspendable fund balance represents resources that cannot be spent due to their resource form. Governmental fund balance that is available for spending is classified into four reporting categories: Restricted, Committed, Assigned, and Unassigned. Restricted Fund Balance represents resources subject to externally enforceable legal restrictions. Committed Fund Balance represents City Council mandated constraints imposed on the use or release of funds from this category. Assigned Fund Balance represents management's established intended use of resources. Unassigned Fund Balance represents resources that have not been classified in one of the aforementioned categories.

The City's highest level of decision making authority is vested with City Council. A resolution approved by Council is the formal action that is required to establish, modify, or rescind a commitment of fund balance. City Council vests with the Chief Financial Officer of the Department of Finance and Administration the authorization to assign amounts to specific purposes approved by Council as described in the City's adopted Fund Balance Policy.

The City considers restricted and unrestricted amounts to have been spent when an expenditure is incurred for which the fund balance category has been made available. It is the policy of the City that expenditures, for which more than one category of fund balance could be used, will be expended in the following categorical order: Restricted, Committed, Assigned, and Unassigned.

A stabilization arrangement is incorporated into the City's adopted Fund Balance Policy. The City's Fund Balance Policy has been formally adopted by resolution. This stabilization arrangement consists of two components: a Cashflow Reserve and Service Maintenance Reserve. The Cashflow Reserve is intended to be a reserve for unexpected events that would have a significant impact on the City's ability to maintain sufficient working capital. The Service Maintenance Reserve may be used to provide funding associated with fluctuations in fiscal cycles and operating requirements that exceed $500. For FY2014, the combined reserves are established at 5.00% of the subsequent annual budgeted General Fund base revenues. Any usage or addition to the Cash Flow Reserves must be appropriated/approved by City Council. The reserves are incorporated into the Governmental Funds Balance Sheet within the Unassigned Fund Balance category.

(In Thousands)

The following is a listing of Assigned Encumbrance and Rebudget amounts by function and purpose on September 30, 2014:

Encumbrances	General	Capital Projects Fund	Total
General Gov	$ 170	$ 202	$ 372
Fire	134	11	145
Police	42	153	195
Parks & Rec	70	1,278	1,348
Culture	55	563	618
Community Svcs	373	2,207	2,580
Subtotal	844	4,414	5,258
Rebudgets	**General**	**Capital Projects Fund**	**Total**
General Gov	1,144	6,585	7,729
Fire	559	209	768
Police	1,100	628	1,728
Parks & Rec	494	1,385	1,879
Culture	1,527	1,209	2,736
Community Svcs	2,816	4,627	7,443
Subtotal	7,640	14,643	22,283
Grand Total	$ 8,484	$ 19,057	$ 27,541

General Government assignments have been made to the following major purposes: capital facility contingency, City Hall upgrade and construction management services phase II, ERP Phase II, performance pay and workforce planning, IT systems and application enhancements, equipment purchases and professional services contracts. Fire assignments have been made to the following major purposes: pumper truck, vehicle and equipment purchases, fire station improvements, fire academy and hydrant installations.

Police assignments have been made to the following major purposes: shooting range improvements, records project and vehicle and communication parts purchases.

Parks assignments have been made to the following major purposes: Quail Hollow Golf Course, Cancer Survivor Plaza, Polecat Trailhead, Zoo conservation, building and tennis court resurfacing, and equipment purchases. Culture assignments have been made to the following major purposes: Library capital projects, Library donations, City Hall Plaza and Julia Davis Park Art projects, BOISE 150, various art projects, professional services, licenses and equipment purchases.

Community Services assignments have been made to the following major purposes: Workforce stabilization, MS4 Program development and implementation, Blueprint Boise, Valleyride capital, Sustainability and engineering services, 30th St. Revitalization Plan, and neighborhood reinvestment projects.

J. Commitments

Construction-in-progress in the governmental funds as of September 30, 2014 was $3,446. Capital related commitments of $19,057 were assigned in the Capital Projects Fund at fiscal year-end. Of this later amount, $14,643 is attributable to rebudgting capital projects whereas $4,414 is associated with encumbrances. See Note I for City commitments that are included in fund balance designations.

Construction-in-progress in the proprietary funds as of September 30, 2014 was $27,625. The estimated cost to complete proprietary construction projects was approximately $67,333. Of the estimated cost to complete proprietary construction projects, approximately $17,558 will be funded by state and/or federal grants and passenger facility charges.

K. Contingent Liabilities

The City is involved in several claims and is a defendant in pending and threatened litigation. While it is not feasible to predict or determine the ultimate outcome of all these matters, in management's opinion, they will not have a material adverse effect upon the accompanying financial statements.

L. Government Consolidation

Under Resolution No. 21889 the Northwest Boise Sewer District was approved to be consolidated in with the City. The City of Boise recognized capital assets and net position of $3,007 as of October 1, 2013.

(In Thousands)

M. Adoption of a New Accounting Standard

During the year ended September 30, 2014 the City implemented GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. As a result, the cost of issuance previously capitalized on the statement of Net Position and amortized in Statement of Revenues, Expenses and Changes in Net Position were written off, as those costs are now expensed in the year of debt issuance. During the year ended, September 30, 2014 the City early implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. As a result of the changes in accounting principle, beginning net position, the change in net position, and ending net position for the year ended September 30, 2014 has been restated as follows:

	Net Position, Beginning of Year - As Previously Reported	Less Adjustment to Remove Deferred Bond Costs at September 30, 2013	Plus Adjustment to Incorporate Northwest Boise Sewer District at September 30, 2013	Net Position, Beginning of Year, As Restated
Governmental Activities	$ 228,414	$ (975)	$ -	$ 227,439
Business-type Activities				
Airport	176,674	(318)	-	176,356
Sewer	297,924	(51)	3,007	300,880
Solid Waste	1,429	-	-	1,429
Other nonmajor enterprise funds	28,654	-	-	28,654
Allocated internal service funds	457	-	-	457
Total business-type activities	505,138	(369)	3,007	507,776
Component Unit				
Capital City Development Corporation	21,945	(1,054)	-	20,891
Total Reporting Entity	$ 755,497	$ (2,398)	$ 3,007	$ 756,106

(In Thousands)

N. Discretely Presented Component Unit

Capital City Development Corporation (CCDC) is an urban renewal agency created by and existing under the Idaho Urban Renewal Law of 1965, as amended, and is an independent public body, corporate and politic.

The following is a summary of the disclosures required for a fair presentation of the component unit in the City's financial statements:

The accounting and reporting policies of CCDC relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. As allowed in Section P80 of GASB's "Codification of Governmental Accounting and Financial Reporting Standards", CCDC has elected not to apply to its government-wide financial statements Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions.

Restricted Assets – CCDC has four revenue allocation funds, one for each of its four revenue allocation districts. Title 50, Chapter 20 of the Idaho Code delineates the purposes for which revenue allocation funds may be spent by urban renewal agencies, along with the purposes set forth in the Agency's several urban renewal plans. Since the use of funds is proscribed in statute, the fund balance of the revenue allocation funds is considered restricted under the definitions provided in GASB Statement 54. Therefore, fund balance in its entirety is reported as restricted on the fund financial statements. Restricted fund balance as of September 30, 2014 for Central, River Myrtle, Westside and Parking is $2,398, $3,932, $3,765, and $2,238 respectively. The restricted balance in the General Fund is $37 and is restricted for a grant designated for a specific purpose.

Restricted assets are held by CCDC's agent in CCDC's name. Investments are generally held until maturity. The bond resolutions limit investments to certain types of securities which meet defined standards.

Due From Other Governmental Units

Amounts due from other agencies and units of government are as follows:

Ada County capital lease	$	35,350

The following represents the minimum future payments on the capital lease from Ada County.

2015	$	5,313
2016		5,472
2017		5,637
2018		5,802
2019		5,549
Thereafter		15,543
		43,315
Less amount representing interest		(7,965)
	$	35,350

(In Thousands)

Long-term Debt

At September 30, 2014 long-term debt consists of the following:

Governmental activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2005 Series	$ 38,680	$ -	$ (3,330)	$ 35,350	$ 3,580
2010 A-1	2,290	-	(1,130)	1,160	1,160
2010 B-1	7,250	-	(530)	6,720	555
2010 C	2,135	-	(155)	1,980	160
2011 B	11,635	-	(830)	10,805	870
	$ 61,990	$ -	$ (5,975)	$ 56,015	$ 6,325

At September 30, 2014, long-term debt is classified on the Statement of Net Position as:

Long-term debt

Current portion	$ 6,325
Long-term	49,690
	$ 56,015

The 2005 Series bonds bear interest at rates between 4.162% and 5.24%. CCDC does not have the option to redeem bonds maturing in years 2014 through 2015 prior to the maturity date, unless extraordinary events happen as prescribed in the debt agreement. Series that mature on or after August 15, 2016 are subject to redemption at the option of CCDC, which option shall be exercised upon the written direction of Ada County, in whole or in part, at any time at a price equal to 100% plus accrued interest. The bonds mature on August 15, 2022.

The Series 2010 A-1 are tax exempt fixed rate bonds with a rate of 2.81% that mature on September 1, 2015.

The Series 2010 B-1 are tax exempt fixed rate bonds with a rate of 4.25% that mature on September 1, 2024.

The 2010 C Revenue Refunding Note was issued through the Boise City Housing Authority, is tax exempt, has a fixed rate of 4.29% and matures on September 1, 2024.

The 2011 B Revenue Refunding Note was issued through the Boise City Housing Authority, is tax exempt but subject to the alternative minimum tax and has a fixed rate of 4.75% and matures on September 1, 2024.

(In Thousands)

There are certain restrictive covenants, coverage requirements and ratios associated with CCDC's bonds and notes. As of September 30, 2014 CCDC is compliance with these requirements.

The annual requirements to retire the debt for the 2005, 2010 A and 2010 B bonds and the 2010 C and 2011 B notes as of September 30, 2014 are shown below.

	Governmental Activities	
	Principal	Interest
2015	$ 6,325	$ 2,649
2016	5,585	2,359
2017	6,015	2,088
2018	6,475	1,796
2019	6,535	1,486
2020-2024	25,080	2,803
Total	$ 56,015	$ 13,181

Leases

CCDC is a party to the following operating leases:

CCDC entered into the lease for its office space on July 1, 2013. The lease term expires on September 30, 2014. Monthly rent is $12.

CCDC entered into a lease for its copier in September 2013. The lease has a term of thirty-nine months and expires on November 30, 2016. The monthly rent is less than $1. The lease qualifies as a capital lease. The original amount and accumulated depreciation are as follows:

Copier capital lease agreement	$ 13
Accumulated depreciation	4
	$ 9

2015	$ 5
2016	5
2017	1
Less amount representing interest	(2)
	$ 9

Lease Other

CCDC has entered into an agreement with Ada County on the County Courthouse Project. CCDCcy has leased approximately 10.3 acres of land owned by Ada County under a master ground lease obligation that expires in 2098. CCDC issued bonds, Series 1999 for the County Courthouse Project in the amount of $62,620 to finance the acquisition, construction and improvement of the courthouse and administration building for use by Ada County, and related parking facilities, integrated retail space and other public improvements. CCDC refunded the Series 1999 bonds and issued the Series 2005 bonds. The bonds are the obligation of CCDC, payable from and secured solely by lease payments made by Ada County under the agreement. The agreement provides for lease payments equal to the amount necessary for the payment of annual debt service requirements for the Series 2005 bonds. CCDC plans to lease the Courthouse to Ada County for the remaining eleven years of the bond obligation, with title reverting to Ada County at the end of that term. Upon satisfaction of the outstanding lease obligation, Ada County may purchase the facilities from CCDC for $1.

CCDC has recorded the transaction as a capital lease receivable for $38,680. This receivable will be received over the remaining eleven years of the term.

CCDC entered into an agreement with Eleven Eleven West Jefferson LLC to lease 200 parking permits in the Boise Plaza Parking garage for a period of five years. CCDC has the right to sell the parking permits to the public in compliance with the rates in its parking management plan. The lease term is for sixty months following the effective date. The lease became effective on June 29, 2009, sixty days after the certificate of occupancy was issued. CCDC paid a prorated lease rate of $55 for the period June 29, 2009 to September 30, 2009. The annual lease rate is $214 and payment is due in advance on October 1st of each fiscal year. The lease terminates June 29, 2014.

(In Thousands)

Future minimum lease payments under the leases are as follows:

	Master Ground	Office Facility	Total
2015	$ 5,313	$ 165	$ 5,478
2016	5,472	-	5,472
2017	5,637	-	5,637
2018	5,802	-	5,802
2019	5,549	-	5,549
2020-2024	16,207	-	16,207
2025-2029	1,982	-	1,982
2030-2034	533	-	533
2035-2039	618	-	618
2040-2044	716	-	716
2045-2049	831	-	831
2050-2054	963	-	963
2055-2059	1,116	-	1,116
2060-2064	1,294	-	1,294
2065-2069	1,500	-	1,500
2070-2074	1,739	-	1,739
2075-2079	2,016	-	2,016
2080-2084	2,337	-	2,337
2085-2089	2,710	-	2,710
2090-2094	3,141	-	3,141
2095-2098	2,496	-	2,496
Total	$ 67,972	$ 165	$ 68,137

Commitments and Contingencies

CCDC agreed to take responsibility for the match requirement for the Federal Transportation Authority Multi-Modal Center grant that is administered through Valley Regional Transit. The match responsibility was previously the obligation of Boise City. The total match requirement may be up to $2,393. Of this total requirement, $540 has already been met, leaving a remaining maximum match commitment of $1,853. If the actual match is less than $1,853, CCDC will provide funding up to a total of $1,853, inclusive of the grant match to other projects identified in the Downtown Mobility Study.

CCDC established a separate bank account in which to deposit funds for the match.

CCDC agreed to enter into an Owners Participation Agreement (OPA) with the Gardner Company, the developer of the project at 8th and Main in the Central District. The proposed project is a 18 floor office building with a value estimated by the developer at $50 to $60+ million. CCDC's financial participation will involve an anticipated amount up to but not exceeding $4 million of public improvements and site remediation. The OPA sets out conditions of performance that must be met to become eligible for financial participation.

CCDC entered into an Owners Participation Agreement (OPA) and related agreements with Owyhee Place, LLC. The project is the renovation of two existing historical structures in the Westside District with a completion value estimated by the developer at $12 million. CCDC's financial participation is an anticipated amount not to exceed $700 for public improvements and site remediation. The OPA sets out conditions the developer must meet to become eligible for CCDC financial participation. During the fiscal year ended September 30, 2014 no payments have been made.

Pledged Revenues

CCDC has certain long-term debt obligations for which revenues have been pledged. CCDC issued the Series 2010 A bonds to refund the 1995A, 1995 B, 1998 and 1999 bonds. Amounts in the 2010 A bond fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the bond fund each month. The source revenues for the deposits into the bond fund are revenue allocation from the Central District and parking revenues from the parking system. The 2010 A bonds mature in 2015. The bond fund is pledged until the bonds mature. For the year ended September 30, 2014 the total debt service on these bonds was $1,194.

CCDC issued the Series 2010 B bonds to refund the 2004 A and 2004 B bonds. Amounts in the 2010 B bond fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the bond fund each month. The source revenues for the deposits into the bond fund are revenue allocation from the River Myrtle District and parking revenues from the parking system. The 2010 B bonds mature in 2024. The bond fund is pledged until the bonds mature. For the year ended September 30, 2014, the total debt service on these bonds was $838.

CCDC issued the Series 2010 C Revenue Refunding Note to refund the 2002 C bonds. Amounts in the 2010 C note fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the note fund each month. The source revenues for the deposits into the note fund are revenue allocation from the River Myrtle District and parking revenues from the parking system. The 2010 B Revenue Refunding Note matures in 2024. The bond fund is pledged until the bonds mature. For the year ended September 30, 2014, the total debt service on this note was $247.

CCDC issued the Series 2011 B Revenue Refunding Note to refund the 2002 B bonds. Amounts in the 2011 B note fund are pledged to support this debt. One twelfth of the annual debt service is to be deposited into the note fund each month. The source revenues for the deposits into the note fund are revenue allocation from the River Myrtle District and parking revenues from the parking system. The 2011 B Revenue Refunding Note matures in 2024. The bond fund is pledged until the bonds mature. For the year ended September 30, 2014, the total debt service on this note was $1,383.

Significant Contractual Agreements

CCDC is party to numerous agreements related to the development of the parcels in the Ada County Courthouse Corridor. In 2011, the various agreements were amended to facilitate the refunding of the 2002 B bonds with the 2011 B Revenue Refunding Note. The Business Terms Sheet/Funds Flow calculation was one of the agreements amended. Under the terms of the amended agreement, the tax increment guarantee for the Idaho Place parcels was restated as $245 for fiscal year 2011, increasing 3% each year thereafter through fiscal year 2024. The developer will receive credit against the guarantee amount for any actual increment received from the subject parcels. The supplemental rent obligation on the apartment parcels. The supplemental rent obligation on the apartment parcels in the Courthouse Corridor is stated in the Business Terms Sheet as $290 for fiscal year 2011, increasing 3% each year thereafter through fiscal year 2024. The developer will receive credit against the supplemental rent amount for any actual increment received from the apartment parcels. During fiscal year 2014, the tax increment guarantee and supplemental rent obligation of $2 and $128 were received in full.

Fund Conversion and Fund Balance

Fund balance is reported in compliance with CCDC's fund balance policy and the guidance of GASB No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement redefines the elements of fund balance in governmental funds and more clearly describes the different types of governmental funds to make the nature and extent of the constraints placed on a government's fund balance more transparent. The governmental fund types classify fund balances as follows:

Fund balance is reported as nonspendable when the resources cannot be spent because they are either legally or contractually required to be maintained intact, or are in a nonspendable form such as inventories, prepaid accounts, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments: or (b) imposed by law through constitutional provisions or enabling legislation.

Fund Balance is reported as committed when the Board of Commissioners passes a resolution that places specific constraints on how the resources may be used. The Board can modify or rescind the resolution at any time through passage of an additional resolution.

Fund Balance is reported as assigned when it is intended for a specific purpose and the authority to "assign" is delegated to the Executive Director.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

The Board of Commissioners is CCDC's highest level of decision making authority. The Board adopted a Fund Balance Policy that recommends a spending order of restricted, committed, assigned, and then unassigned unless the Board approves otherwise.

Per the guidance in the policy, the Board established that an emergency repair reserve in the minimum amount of $500 shall be on hand as of September 30th of each fiscal year in the Parking fund. Funds within this reserve may be used intra-fiscal year for unforeseen, non-routine repair and maintenance expenditures in the garages when failure to do such repair and maintenance could adversely affect life safety or the ability to operate the garage(s) normally in the immediate future. The Board will evaluate the emergency repair reserve amount as part of each fiscal year's budget process and may amend the amount by resolution as it deems appropriate. The balance in the Parking Emergency Repair Reserve fund as of September 30, 2014 was $500.

The Board further determined that it may be appropriate to set aside funds apart from working capital for a future project or initiative pursuant generally to the budget and related documents such as the capital investment plan and parking reinvestment program. The Board delegated its authority to assign funds in this manner to the Executive Director. As of September 30, 2014, $4,149 and $127 was assigned in the Parking fund and 30th Street District Fund, respectively, for parking reinvestment and commitments budgeted in fiscal 2015. Assigned funds in the 30th Street District were a result of cash transfer from parking revenue to help stimulate the new district.

(In Thousands)

Adoption of a New Accounting Standard

During the year ended September 30, 2014 the City implemented GASB Statement No. 65, Items Previously Recognized as Assets and Liabilities. As a result, the cost of issuance previously capitalized on the statement of Net Position and amortized in Statement of Revenues, Expenses and Changes in Net Position were written off, as those costs are now expensed in the year of debt issuance. As a result of the change in accounting principle, beginning net position, the change in net position, and ending net position for the year ended September 30, 2014 has been restated as follows:

Net Position, End of Year as Previously Stated	$	21,945
Less adjustment to remove deferred issuance costs as of September 30, 2013		(1,054)
Net Position, End of Year- As Restated	$	20,891

O. Subsequent Events

Governmental Funds:
On July 29, 2014, the City entered into a future capital lease transaction to obtain two Pierce Fire Engines in FY 2015. The anticipated outside delivery date of the equipment is May 18, 2015. The lease term is eight years. The total amount financed under the lease is $973,153; with annual lease payments of $117 (years 1-7) and $319 (year 7) at the end of the lease term. At the end of the lease term, the City may turn in the equipment, refinance or exercise the option to purchase the equipment.

Public Works:
On December 1, 2014, the Bench Sewer District (BSD) will merge its operations with the City of Boise (City). The merger was approved by District Court of the Fourth Judicial District on May 7, 2012. According to the terms of the merger agreement, BSD is responsible for closing out its liabilities and receivables and will transfer its assets, worth approximately $7.1 million, to the City. The City, in turn, begins directly providing sewer service to the former BSD customers as of the merger date.

Risk Management:
A jury verdict of $1 million was entered against the City of Boise in the Community House, Inc. v. City of Boise, et al case on September 12, 2012. In addition, Plaintiffs were later awarded $1.5 million in attorney fees and costs. The City was self-insured up to $400 and had two commercial insurance policies pertinent to the claim. The City had recognized a liability to cover a potential adverse judgment in this case. In September 2014, during Ninth Circuit Court of Appeal voluntary mediation, the case was successfully mediated and the settlement agreement finalized in November 2014. The mediated amount was fully covered by insurance and the City did not have to contribute any amount as self-insurance.

Other Supplementary Information
September 30, 2014

City of Boise, Idaho

	Special Revenue Community and Economic Development		Special Revenue Heritage Fund		Permanent Fund Dedicated		Capital Projects Fund
Assets							
Cash and cash equivalents	$	12	$	-	$	-	$	12,667
Investments		502		1,225		3,306		3,606
Receivables, net								
Taxes receivable		556		-		-		-
Accounts and interest		20		25		8		1,026
Grants		-		-		-		176
Prepaid items		13		-		-		12
Restricted cash and investments		451		-		-		-
Property held for resale		-		-		-		4,487
Total assets		1,554		1,250		3,314		21,974
Liabilities								
Accounts payable		18		67		27		158
Due to other funds		6		-		-		-
Deposits		-		10		-		-
Total liabilities		24		77		27		158
Deferred Inflows of Resources								
Unavailable property taxes		556		-		-		-
Fund Balances								
Nonspendable								
Property held for resale		-		-		-		4,487
Restricted, nonexpendable, for								
Permanent fund principal		-		-		3,287		-
Restricted, expendable, for								
Impact fees project		-		-		-		-
Heritage funds		-		1,173		-		-
Debt service - CID		451		-		-		-
Foothills levy		-		-		-		1,800
Assigned to								
General government		-		-		-		6,787
Fire		-		-		-		219
Police		-		-		-		780
Parks and recreation		-		-		-		2,663
Culture		-		-		-		1,772
Community services		-		-		-		6,834
Debt service and post retireme		-		-		-		-
Community and economic dev		523		-		-		-
Unassigned		-		-		-		(3,526)
Total fund balances		974		1,173		3,287		21,816
Total liabilities, deferred inflows of resources and fund balances	$	1,554	$	1,250	$	3,314	$	21,974

(In Thousands

Capital Projects Impact Fees Fund	Debt Service Fund	Total Nonmajor Governmental Funds
$ 235	$ -	$ 12,914
6,435	10,230	25,304
-	-	556
14	27	1,120
-	-	176
-	-	25
-	-	451
-	-	4,487
6,684	10,257	45,033
-	-	270
-	-	6
-	-	10
-	-	286
-	-	556
-	-	4,487
-	-	3,287
6,684	-	6,684
-	-	1,173
-	-	451
-	-	1,800
-	-	6,787
-	-	219
-	-	780
-	-	2,663
-	-	1,772
-	-	6,834
-	10,257	10,257
-	-	523
-	-	(3,526)
6,684	10,257	44,191
$ 6,684	$ 10,257	$ 45,033

	Special Revenue Community and Economic Development	Special Revenue Heritage Fund	Permanent Fund Dedicated
Revenues			
Property taxes, levied for general purposes	$ 103	$ -	$ -
Property taxes, levied for debt service	395	-	-
Impact fees	-	-	-
Franchise fees	-	-	-
Intergovernmental revenues	153	20	-
Charges for services	-	-	99
Donations	-	368	-
Investment income	1	9	37
Miscellaneous revenues	631	-	-
Total revenues	1,283	397	136
Expenditures			
General	-	-	-
Fire	-	-	-
Police	-	-	-
Parks and recreation	-	95	-
Community and economic development	966	-	-
Culture	-	-	-
Community services	-	-	1
Major equipment	-	670	-
Debt Service			
Principal payments	104	-	-
Bond issuance costs	25	-	-
Interest and fiscal charges	363	-	-
Total expenditures	1,458	765	1
Excess (Deficiency) of Revenues Over expenditures	(175)	(368)	135
Other Financing Sources (Uses)			
Interfund transfer in	-	-	-
Interfund transfer out	-	-	(27)
Bond proceeds	77	-	-
Proceeds from capital assets	-	-	-
Total other financing sources (uses)	77	-	(27)
Net Change in Fund Balance	(98)	(368)	108
Fund Balance, Beginning of Year	1,072	1,541	3,179
Fund Balance, End of Year	$ 974	$ 1,173	$ 3,287

(In Thousands)

Capital Projects Impact Fees Fund	Capital Projects Fund	Debt Service Fund	Total Non-major Governmental Funds
$ -	$ -	$ -	$ 103
-	-	-	395
3,013	-	-	3,013
-	3,072	-	3,072
-	423	-	596
-	31	-	130
-	19	-	387
32	8	108	195
-	975	-	1,606
3,045	4,528	108	9,497
-	3,394	-	3,394
-	409	-	409
-	5	-	5
-	3,752	-	3,847
-	-	-	966
-	878	-	878
-	277	-	278
258	4,894	-	5,822
-	-	1,520	1,624
-	-	-	25
-	-	802	1,165
258	13,609	2,322	18,413
2,787	(9,081)	(2,214)	(8,916)
-	14,718	2,214	16,932
-	(26)	-	(53)
-	-	-	77
-	30	-	30
-	14,722	2,214	16,986
2,787	5,641	-	8,070
3,897	16,175	10,257	36,121
$ 6,684	$ 21,816	$ 10,257	$ 44,191

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Capital Projects Fund
Year Ended September 30, 2014
(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variances with Final Budget
Revenues				
Franchise fees	$ 2,620	$ 2,620	$ 3,072	$ 452
Intergovernmental revenues	-	1,909	423	(1,486)
Charges for services	-	-	31	31
Donations	2,000	2,564	19	(2,545)
Investment income	20	20	8	(12)
Miscellaenous revenues	-	149	975	826
Total revenues	4,640	7,262	4,528	(2,734)
Expenditures				
General Government	1,471	8,726	3,394	(5,332)
Fire	510	644	409	(235)
Parks and recreation	4,622	8,707	3,752	(4,955)
Culture	1,036	2,055	878	(1,177)
Police	220	572	5	(567)
Community Services	67	578	277	(301)
Major equipment	-	5,421	4,894	(527)
Total expenditures	7,926	26,703	13,609	(13,094)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,286)	(19,441)	(9,081)	10,360
Other Financing Sources (Uses)				
Interfund transfer in	3,244	7,652	14,718	7,066
Interfund transfer out	-	(26)	(26)	-
Proceeds from capital assets	-	-	30	30
Total other financing sources (uses)	3,244	7,626	14,722	7,096
Net Change in Fund Balance	(42)	(11,815)	5,641	17,456
Fund Balance, Beginning of Year	12,426	(638)	16,175	24,582
Fund Balance, End of Year	$ 12,384	$ (12,453)	$ 21,816	$ 42,038

(In Thousands)

	Budgeted Amounts		Actual	Variances with
	Original	Final	Amounts	Final Budget
Revenues				
Investment income	$ 390	$ 390	$ 108	$ (282)
Expenditures				
Principal	1,505	1,505	1,520	15
Interest and other charges	815	815	802	(13)
Total expenditures	2,320	2,320	2,322	2
Deficiency of Revenues Under Expenditures	(1,930)	(1,930)	(2,214)	(284)
Other Financing Sources				
Interfund transfer in	2,322	2,322	2,214	299
Net Change in Fund Balance	392	392	-	15
Fund Balance, Beginning of Year	10,364	10,364	10,257	314
Fund Balance, End of Year	$ 10,756	$ 10,756	$ 10,257	$ 329

(In Thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variances with Final Budget
Revenues				
Property taxes, levied for general purposes	$ 87	$ 87	$ 103	$ 16
Property taxes, levied for debt service	395	395	395	-
Intergovernmental revenues	165	165	153	(12)
Investment income	-	-	1	1
Miscellaneous income	1	1	631	630
Total revenues	648	648	1,283	635
Expenditures				
Community and economic development	239	240	966	726
Major equipment	-	358	-	(358)
Debt Service				
Principal payments	41	41	104	63
Bond issuance costs	-	-	25	25
Interest and other charges	354	354	363	9
Total expenditures	634	993	1,458	465
Excess (Deficiency) of Revenues Over (under) Expenditures	14	(345)	(175)	170
Other Financing Sources (Uses)				
Bond proceeds	-	-	77	77
Total other financing sources (uses)	-	-	77	77
Net Change in Fund Balance	14	(345)	(98)	247
Fund Balance, Beginning of Year	816	408	1,072	664
Fund Balance, End of Year	$ 830	$ 63	$ 974	$ 911

(In Thousands)

	Budgeted Amounts		Actual	Variances with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental revenues	$ -	$ -	$ 20	$ 20
Donations	1,000	1,000	368	(632)
Investment income	-	-	9	9
Total revenues	1,000	1,000	397	(603)
Expenditures				
Parks and recreation	1,000	200	95	(105)
Major equipment	-	818	670	(148)
Total expenditures	1,000	1,018	765	(253)
Deficiency of Revenues Under Expenditures	-	(18)	(368)	(350)
Net Change in Fund Balance	-	(18)	(368)	(350)
Fund Balance, Beginning of Year	1,280	1,280	1,541	261
Fund Balance, End of Year	$ 1,280	$ 1,262	$ 1,173	$ (89)

(In Thousands)

	Budgeted Amounts		Actual	Variances with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	$ 115	$ 115	$ 99	$ (16)
Investment income	80	80	37	(43)
Total revenues	195	195	136	(59)
Expenditures				
Community services	119	119	1	(118)
Excess of Revenues Over Expenditures	76	76	135	59
Other Financing Sources (Uses)				
Interfund transfer out	(76)	(76)	(27)	49
Net Change in Fund Balance	-	-	108	108
Fund Balance, Beginning of Year	3,062	3,062	3,179	117
Fund Balance, End of Year	$ 3,062	$ 3,062	$ 3,287	$ 225

(In Thousands)

	Budgeted Amounts		Actual	Variances with
	Original	Final	Amounts	Final Budget
Revenues				
Impact fees	$ 2,172	$ 2,172	$ 3,013	$ 841
Investment income	-	-	32	32
Total revenues	2,172	2,172	3,045	873
Expenditures				
Major equipment	180	431	258	(173)
Net Change in Fund Balance	1,992	1,741	2,787	1,046
Fund Balance, Beginning of Year	4,834	1,224	3,897	2,674
Fund Balance, End of Year	$ 6,826	$ 2,965	$ 6,684	$ 3,720

(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Total Nonmajor Business - type Funds
Assets				
Current assets				
Cash and cash equivalents	$ -	$ -	$ 475	$ 475
Investments	169	169	1,838	2,176
Receivables, net				
Accounts and interest	26	-	549	575
Grants	12	-	186	198
Assessments	-	5	-	5
Inventory	232	-	-	232
Prepaid items	-	-	3	3
Total current assets	439	174	3,051	3,664
Noncurrent assets				
Long-term accounts receivable			590	590
Mortgage loans receivable	-	-	8,897	8,897
Property held for resale	-	-	104	104
Capital assets, not being depreciated				
Land	-	-	3,090	3,090
Intangible assets	9	-	-	9
Construction in progress	1,392	-	654	2,046
Capital assets, being depreciated				
Buildings	110	-	12,530	12,640
Improvements other than buildings	2,175	-	168	2,343
Service lines	7,487	149	-	7,636
Automobiles and trucks	-	-	134	134
Machinery and equipment	405	121	279	805
Intangible assets	-	-	28	28
Other capital assets	-	-	-	-
Less accumulated depreciation	(3,867)	(89)	(7,144)	(11,100)
Total capital assets, net	7,711	181	9,739	17,631
Total noncurrent assets	7,711	181	19,330	27,222
	8,150	355	22,381	30,886

(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Total Nonmajor Business - type Funds
Liabilities				
Current liabilities				
Accounts payable	102	68	110	280
Other accrued liabilities	2	10	94	106
Compensated absences	-	-	1	1
Unearned revenue	781	-	-	781
Current portion of long-term debt	-	-	140	140
Total current liabilities	885	78	345	1,308
Noncurrent liabilities				
Compensated absences and other post employment benefits	4	-	111	115
Interfund payables	64	-	-	64
Other long-term debt, non-current	-	-	280	280
Total noncurrent liabilities	68	-	391	459
Total liabilities	953	78	736	1,767
Net Position				
Net investment in capital assets	7,711	181	9,319	17,211
Restricted for debt	-	-	346	346
Unrestricted	(514)	96	11,980	11,562
Total net position	$ 7,197	$ 277	$ 21,645	$ 29,119

(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Total Non-major Business-type Funds
Opearting Revenues				
Charges for services:				
Program income	$ -	$ -	$ 4	$ 4
Interest income	-	-	422	422
Intergovernmental	12	-	2,056	2,068
Rental income	-	-	1,311	1,311
User fees	688	40	-	728
Miscellaenous revenue	2	-	310	312
Total operating revenues	702	40	4,103	4,845
Operating Expenses				
Personnel services	71	-	936	1,007
Contractual services and utilities	361	29	1,935	2,325
Supplies and materials	-	-	46	46
Depreciation	195	8	429	632
Total expenditures	627	37	3,346	4,010
Operating Income	75	3	757	835
Nonoperating Revenues (Expenses)				
Grants	-	-	(673)	(673)
Interest revenue	2	-	7	9
Interest expense	-	-	(30)	(30)
Total nonoperating revenues (expenses)	2	-	(696)	(694)
Income Before Interfund Transfers and contributions	77	3	61	141
Interfund transfers in	-	-	346	346
Interfund transfers out	-	-	(146)	(146)
Capital contribution	120	-	4	124
Change in Net Position	197	3	265	465
Net Position, Beginning of Year	7,000	274	21,380	28,654
Net Position, End of Year	$ 7,197	$ 277	$ 21,645	$ 29,119

(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Totals
Operating Activities				
Receipts from customers and users	$ 1,200	$ 77	$ 3,096	$ 4,373
Receipts from interfund services provided	-	-	2,061	2,061
Receipts from interfund services used	28	124	-	152
Payments to suppliers	(308)	-	(1,943)	(2,251)
Payments to employees	(99)	-	(953)	(1,052)
Payments for interfund services used	(384)	(250)	-	(634)
Other operating revenue received	2	-	310	312
Net Cash from (used for) Operating Activities	439	(49)	2,571	2,961
Noncapital Financing Activities				
Interfund transfers to other funds	-	-	(146)	(146)
Grants received	-	-	(673)	(673)
Interfund transfers from other funds	-	-	346	346
Payments for interfund receivables	(49)	-	-	(49)
Net Cash used for Noncapital Financing Activities	(49)	-	(473)	(522)
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(480)	-	(1,641)	(2,121)
Principal paid on debt	-	-	(140)	(140)
Interest paid on financing	-	-	(30)	(30)
Capital contributions	222	-	-	222
Net Cash used for Capital and Related Financing Activities	(258)	-	(1,811)	(2,069)
Investing Activities				-
Purchase of investment securities	(134)	-	(756)	(890)
Proceeds from sale and maturities of investment securities	-	49	300	349
Interest on investments and advances	2	-	7	9
Net cash from (used for) Investing Activities	(132)	49	(449)	(532)
Net Change in Cash	-	-	(162)	(162)
Cash and Cash Equivalents, Beginning of Year	-	-	637	637
Cash and Cash Equivalents, End of Year	$ -	$ -	$ 475	$ 475

(In Thousands)

	Geothermal	Municipal Irrigation	Housing Rehabilitation	Totals
Reconciliation of operating income to net cash from (used for) operating activities				
Operating income	$ 75	$ 3	$ 757	$ 835
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	195	8	429	632
Provision for bad debts			(1,901)	(1,901)
Loss on disposal of capital assets	-	-	84	84
Change in				
Accounts receivable	(11)	3	247	239
Long-term accounts receivable	-	-	13	13
Mortgage loans receivable	-	-	2,997	2,997
Inventory	(49)	-	-	(49)
Interfund receivables	16	124	5	145
Other assets	-	-	(46)	(46)
Prepaid items	-	-	(2)	(2)
Accounts payable	102	68	(41)	129
Compensated absences	(28)	-	(17)	(45)
Other accrued liabitilies	-	(1)	46	45
Interfund payables	(384)	(250)	-	(634)
Unearned revenues	523	(4)	-	519
Net Cash from (used for) Operating Activities	$ 439	$ (49)	$ 2,571	$ 2,961
Noncash investment, capital and financing activities:				
Increase (decrease) in fair value of investments	$ -	$ -	$ (1)	$ (1)

(In Thousands)

	Annual Budget Final	2014 Actual Amounts
Operating Revenues		
Airport landing fees	$ 3,126	$ 3,446
Airline rent	3,608	3,629
Parking fees	8,143	8,109
Car rental	3,845	4,008
Concessions	1,223	1,360
Rental income	2,557	2,740
Inflight food sales	360	386
Other	770	781
Total operating revenues	23,632	24,459
Operating Expenses		
Personnel services	6,739	5,976
Administration expenses	1,654	1,411
Supplies and materials	3,319	2,753
Professional services	6,312	6,016
Purchased services	678	762
Utilities and communications	1,156	1,412
Total operating expenses	19,858	18,330
Operating Income	3,774	6,129
Nonoperating Revenues (Expenses)		
Passenger facility charges	5,320	5,292
Customer facility charges	814	892
Grants	375	426
Transfers in	13	10
Interest revenue	400	361
Interest expense	(1,726)	(1,194)
Asset sales	-	15
Asset write-offs	(2,000)	(23)
Loan Revenue	-	69
Capital Expenses	(2,501)	(57)
Total nonoperating revenues, net	695	5,791
Net Income Before Depreciation and Capital Contributions	4,469	11,920
Depreciation	(13,131)	(12,180)
Capital Contributions	10,020	5,499
Net Income After Depreciation and Capital Grants	$ 1,358	$ 5,239

PFC Quarterly Report - Summary

City of Boise
Boise Airport

Charge Expiration Date: November 1, 2015
Quarter ending: 2014 Q4

Authority and Cumulative Expenditures

Authorizing Document	Authority Impose	Authority Use	Cumulative Collections + Int	Cumulative Expenditures
94-01-C-02-BOI	$ 9,650,423	$ 9,650,423	$ 9,650,423	$ 9,650,423
96-03-C-02-BOI	10,540,607	10,540,607	10,540,605	10,540,605
99-03-C-02-BOI	84,362,062	84,362,062	83,778,380	61,759,185
06-04-C-00-BOI	5,377,736	5,377,736	-	4,910,420
Total	$ 109,930,828	$ 109,930,828	$ 103,969,408	$ 86,860,633

Collections and Interest

	Previously Reported	Current Quarter	Prior Period Adjustments	Cumulative
PFC Revenue	$ 100,980,750	$ 1,435,631	$ -	$ 102,416,111
Interest Earned	1,525,444	27,883	-	1,553,327
Total	$ 102,506,194	$ 1,463,514	$ -	$ 103,969,438

Remaining Authorized Collections	$ 5,961,390
PFC Account Balance	$ 17,108,775

(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Total Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	$ 61	$ -	$ -	$ 61
Investments	512	285	9,290	10,087
Receivables, net				
Accounts and interest	2	-	19	21
Prepaid items	14	-	-	14
Total current assets	589	285	9,309	10,183
Noncurrent Assets				
Capital assets, being depreciated				
Buildings	1,215	-	-	1,215
Improvements other than buildings	84	-	-	84
Automobiles and trucks	566	-	-	566
Machinery and equipment	175	-	13	188
Intangible assets	117	-	81	198
Less accumulated depreciation	(1,603)	-	(89)	(1,692)
Total capital assets, net	554	-	5	559
Total assets	1,143	285	9,314	10,742
Liabilities				
Current Liabilities				
Accounts payable	3	-	115	118
Other accrued liabilities	-	-	3,178	3,178
Compensated absences	2	-	-	2
Total current liabilities	5	-	3,293	3,298
Noncurrent Liabilities				
Compensated absences and other post employment benefits	92	-	24	116
Interfund payables	491	-	-	491
Total noncurrent liabilities	583	-	24	607
Total liabilities	588	-	3,317	3,905
Net Position				
Net investment in capital assets	554		5	559
Unrestricted	1	285	5,992	6,278
Total Net Position	$ 555	$ 285	$ 5,997	$ 6,837

(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Total Internal Service Funds
Operating Revenues				
Charges for services				
User fees	$ 3,370	$ 5	$ 4,163	$ 7,538
Miscellaneous revenues	-	-	8	8
Donations	-	6	-	6
Total operating revenues	3,370	11	4,171	7,552
Operating Expenses				
Personnel services	977	-	592	1,569
Contractual services and utilities	1,482	5	3,147	4,634
Supplies and materials	745	7	123	875
Depreciation	79	-	8	87
Total expenses	3,283	12	3,870	7,165
Operating Income (Loss)	87	(1)	301	387
Nonoperating Revenues (Expenses)				
Interest revenue	-	3	69	72
Asset sales and other gains	15	-	2,240	2,255
Interest expense	(9)	-	-	(9)
Total nonoperating revenues (expenses)	6	3	2,309	2,318
Income Before Interfund Transfers	93	2	2,610	2,705
Interfund transfers out	-	(13)	-	(13)
Change in Net Position	93	(11)	2,610	2,692
Net Position, Beginning of Year	462	296	3,387	4,145
Net Position, End of Year	$ 555	$ 285	$ 5,997	$ 6,837

(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Totals
Operating Activities				
Receipts from customers and users	$ 3,370	$ 6	$ 4,159	$ 7,535
Receipts from interfund services provided	5	-	2	7
Payments to suppliers	(2,240)	(12)	(5,395)	(7,647)
Payments to employees	(979)	-	(588)	(1,567)
Payments for interfund services provided	(65)	-	(299)	(364)
Other operating revenue received	-	6	8	14
Net Cash from (used for) Operating Activities	91	-	(2,113)	(2,022)
Noncapital Financing Activities				
Interfund transfers to other funds	-	(13)	-	(13)
Capital and Related Financing Activities				
Acquisition and construction of capital assets	(8)	-	-	(8)
Asset sales	15	-	2,240	2,255
Interest paid on financing	(9)	-	-	(9)
Net Cash from (used for) Capital and Related Financing Activities	(2)	-	2,240	2,238
Investing Activities				-
Purchase of investment securities	(474)	(148)	(5,854)	(6,476)
Proceeds from sale and maturities of investment securities	-	158	5,658	5,816
Interest on investments and advances	-	3	69	72
Net Cash from (used for) Investing Activities	(474)	13	(127)	(588)
Net Change in Cash	(385)	-	-	(385)
Cash and Cash Equivalents, Beginning of Year	446	-	-	446
Cash and Cash Equivalents, End of Year	$ 61	$ -	$ -	$ 61

(In Thousands)

	Fleet Services	L.M. Cunningham	Risk Management	Totals
Reconciliation of operating income (loss) to net cash from (used for) operating activities				
Operating income (loss)	$ 87	$ (1)	$ 301	$ 387
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities				
Depreciation	79	-	8	87
Change in				
Accounts receivable	-	1	(4)	(3)
Inventory	12	-	-	12
Interfund receivables	5	-	2	7
Prepaid items	(2)	-	19	17
Accounts payable	(23)	-	(5,322)	(5,345)
Compensated absences	(2)	-	4	2
Accrued liabilities	-	-	3,178	3,178
Interfund payables	(65)	-	(299)	(364)
Net Cash from (used for) Operating Activities	$ 91	$ -	$ (2,113)	$ (2,022)

(In Thousands)

	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
Boise City Agency Fund				
Assets				
Cash and cash equivalents	$ -	$ 579	$ 579	$ -
Investments	788	191	967	12
Due from other governmental unit	-	775	775	
	$ 788	$ 1,545	$ 2,321	$ 12
Liabilities				
Accounts and interest payable	$ 788	$ 402	$ 1,178	$ 12
Refunds payable and other	-	380	380	-
	$ 788	$ 782	$ 1,558	$ 12

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Statistical Section

City of Boise, Idaho

(In thousands)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental										
Net Investment in capital assets	$ 169,659	$ 164,746	$ 186,760	$ 184,211	$ 180,664	$ 172,518	$ 162,609	$ 158,509	$ 143,454	$ 120,522
Restricted	16,721	14,314	18,072	12,148	19,330	21,030	21,076	22,086	17,884	16,300
Unrestricted	59,718	48,379	18,285	19,946	15,631	16,880	25,584	28,334	28,889	11,589
Total governmental activities net assets	246,098	227,439	223,117	216,305	215,625	210,428	209,269	208,929	190,227	148,411
Business-type										
Net Investment in capital assets	413,847	399,960	398,046	386,676	377,079	375,521	374,328	363,607	346,846	334,807
Restricted	21,185	28,675	34,010	33,065	35,585	29,931	24,060	17,873	16,699	12,177
Unrestricted	89,608	79,141	64,402	65,385	63,671	59,879	62,467	64,219	58,092	55,662
Total business-type activities net assets	524,640	507,776	496,458	485,126	476,335	465,331	460,855	445,699	421,637	402,646
Primary government										
Net Investment in capital assets	583,506	564,706	584,806	570,887	557,743	548,039	536,937	522,116	490,300	455,329
Restricted	37,906	42,989	52,082	45,213	54,915	50,961	45,136	39,959	34,583	28,477
Unrestricted	149,326	127,520	82,687	85,331	79,302	76,759	88,051	92,553	86,981	67,251
Total primary government activities net position	$ 770,738	$ 735,215	$ 719,575	$ 701,431	$ 691,960	$ 675,759	$ 670,124	$ 654,628	$ 611,864	$ 551,057

City of Boise, Idaho
Changes in Net Position
Last Ten Fiscal Years
(In thousands)

	Fiscal Year					Fiscal Year				
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities										
General Government	$ 27,964	$ 29,842	$ 28,255	$ 33,915	$ 28,881	$ 28,838	$ 27,997	$ 22,019	$ 16,217	$ 17,634
Public Safety:										
Fire	46,418	43,900	43,876	41,485	40,486	35,655	35,364	31,644	31,063	30,057
Police	48,666	47,160	47,591	46,051	47,125	47,181	45,958	40,340	36,415	34,874
Parks and recreation	25,600	24,197	22,362	22,634	22,158	22,283	22,624	21,199	19,155	18,092
Culture	10,092	10,537	10,253	10,471	9,477	9,642	9,002	7,333	7,266	6,798
Community Services	21,124	18,607	13,287	13,674	13,803	13,849	14,437	13,758	12,066	11,401
Community Development	228	1,761	842	935	1,663	1,137	1,384	1,437	585	567
Interest and fiscal charges	1,273	1,245	1,195	1,549	1,528	1,667	1,803	1,872	1,929	1,999
Total governmental activities expenses	181,365	177,249	167,661	170,714	165,121	160,252	158,569	139,602	124,696	121,422
Business-type activities										
Airport	31,597	32,699	30,983	31,934	30,796	31,492	32,829	32,880	28,622	27,414
Sewer	33,872	32,191	31,853	30,468	29,909	30,355	30,297	27,599	27,580	26,204
Solid Waste	25,085	24,501	24,406	24,044	23,712	23,763	23,728	20,203	18,971	16,207
Other	4,015	5,108	4,875	3,977	3,518	3,288	3,125	3,927	3,193	4,313
Total business-type activies expenses	94,569	94,499	92,117	90,423	87,935	88,898	89,979	84,609	78,366	74,138
Total primary government expenses	$ 275,934	$ 271,748	$ 259,778	$ 261,137	$ 253,056	$ 249,150	$ 248,548	$ 224,211	$ 203,062	$ 195,560
Program Revenues										
Governmental activities										
Charges for services:										
General government	$ 11,130	$ 6,571	$ 6,697	$ 8,296	$ 6,599	$ 6,561	$ 6,490	$ 5,324	$ 4,285	$ 3,342
Public Safety:										
Fire	8,143	7,401	7,149	7,366	7,751	4,731	3,519	3,471	3,819	3,263
Police	5,882	4,984	5,171	4,941	5,290	5,361	5,698	3,707	3,235	2,974
Parks and recreation	7,926	6,252	6,203	6,129	6,647	6,529	7,088	7,654	7,634	7,055
Community services	11,134	9,188	8,103	6,661	6,408	6,395	9,122	10,357	10,261	8,510
Other activities	1,518	511	639	734	1,187	880	520	484	485	528
Operation grants and contributions	1,830	22,343	19,221	20,085	22,040	19,715	20,916	22,459	19,507	18,350
Capital grants and contributions	6,581	2,924	4,027	5,069	4,057	2,763	2,406	5,055	23,647	2,226
Total governmental activities revenues	54,144	60,174	57,210	59,281	59,979	52,935	55,759	58,511	72,873	46,248

City of Boise, Idaho
Changes in Net Position
Last Ten Fiscal Years
(In thousands)

Business-type activities										
Charges for services:										
Airport	24,363	23,380	22,824	22,980	22,221	21,125	23,683	23,624	22,242	20,269
Sewer	36,258	32,291	28,625	28,019	26,908	25,174	25,781	25,570	24,201	23,066
Solid Waste	25,933	24,430	23,976	23,386	23,563	24,157	23,508	19,707	18,698	15,623
Other	2,465	2,418	2,473	2,470	2,361	2,717	2,712	2,604	2,275	2,523
Operation grants and contributions	350	1,037	5,610	6,512	5,899	4,927	5,600	4,389	2,401	2,177
Capital grants and contributions	20,562	18,939	18,715	15,844	15,976	12,228	20,571	27,845	24,336	27,757
Total business-type activities and program revenues	109,931	102,495	102,223	99,211	96,928	90,328	101,855	103,739	94,153	91,415
Total primary governement program revenues	$ 164,075	$ 162,669	$ 159,433	$ 158,492	$ 156,907	$ 143,263	$ 157,614	$ 162,250	$ 167,026	$ 137,663
Net (Expense)/Revenue										
Governmental activities	$ (127,221)	$ (117,075)	$ (110,451)	$ (111,433)	$ (105,142)	$ (107,317)	$ (102,810)	$ (81,091)	$ (51,823)	$ (75,174)
Business-type activities	15,362	7,996	10,106	8,788	8,993	1,430	11,876	19,130	15,787	17,277
Total primary government net expense	$ (111,859)	$ (109,079)	$ (100,345)	$ (102,645)	$ (96,149)	$ (105,887)	$ (90,934)	$ (61,961)	$ (36,036)	$ (57,897)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes	$ 119,740	$ 114,201	$ 109,314	$ 105,534	$ 102,097	$ 98,807	$ 92,769	$ 88,121	$ 83,484	$ 76,350
Franchise fees	8,476	8,047	7,189	6,849	6,998	7,527	7,343	6,940	6,937	5,992
Liquor & Sales tax *(Note1)*	17,260									
Investment earnings	385	356	941	854	1,085	1,705	2,975	4,572	3,266	1,532
Special items	129									
Miscellaneous										(1,948)
Transfers	(110)	(27)	108	(56)	159	437	63	24	(48)	1,664
Total governmental activities	145,880	122,577	117,552	113,181	110,339	108,476	103,150	99,657	93,639	83,590
Business-type activities										
Investment earnings	1,386	456	1,334	1,367	2,170	3,483	3,343	4,380	3,153	1,581
Gain on sale of capital assets						-	-	-	3	99
Special items	6									(589)
Transfers	110	27	(108)	56	(159)	(437)	(63)	(24)	48	(1,664)
Total business-type activities	1,502	483	1,226	1,423	2,011	3,046	3,280	4,356	3,204	(573)
Total primary government	$ 147,382	$ 123,060	$ 118,778	$ 114,604	$ 112,350	$ 111,522	$ 106,430	$ 104,013	$ 96,843	$ 83,017
Changes in Net Position										
Governmental activities	$ 18,659	$ 5,502	$ 7,101	$ 1,748	$ 5,197	$ 1,159	$ 340	$ 18,566	$ 41,816	$ 8,416
Business-type activities	16,864	8,479	11,332	10,211	11,004	4,476	15,156	23,486	18,991	16,704
Total primary government	$ 35,523	$ 13,981	$ 18,433	$ 11,959	$ 16,201	$ 5,635	$ 15,496	$ 42,052	$ 60,807	$ 25,120

Note 1: Reported within Operating Grants & Contributions prior to FY 2014.

(In thousands)

	2014	2013	2012	2011(1)	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	$ 1,824	$ 2,559	$ 1,935	$ 1,259	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	1,777	1,608	1,361	3,120	-	-	-	-	-	-
Committed	2,000	2,082	2,323	556	-	-	-	-	-	-
Assigned	8,485	4,692	6,536	1,561	-	-	-	-	-	-
Unassigned	21,274	20,856	16,317	16,800	-	-	-	-	-	-
Reserved	-	-	-	-	5,816	6,283	6,331	4,723	4,712	1,800
Unreserved	-	-	-	-	24,192	15,529	16,709	24,603	24,218	14,846
Total general fund	35,360	31,797	28,472	23,296	30,008	21,812	23,040	29,326	28,930	16,646
All Other Governmental Funds										
Nonspendable	7,774	7,666	7,544	7,544	-	-	-	-	-	-
Restricted	10,108	7,912	10,085	6,720	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	29,835	20,543	17,787	21,182	-	-	-	-	-	-
Unassigned	(3,526)	-	-	-	-	-	-	-	-	-
Reserved	-	-	-	-	33,687	28,293	35,301	31,458	28,044	25,540
Unreserved	-	-	-	-	-	-	-	-	-	-
Capital projects fund					(2,151)	9,121	10,403	12,641	12,255	8,727
Debt service fund					1,168	6,042	1,492	1,632	1,523	1,669
Total all other governmental funds	44,191	36,121	35,416	35,446	32,704	43,456	47,196	45,731	41,822	35,936
Total all governmental funds	$ 79,551	$ 67,918	$ 63,888	$ 58,742	$ 62,712	$ 65,268	$ 70,236	$ 75,057	$ 70,752	$ 52,582

(1) For FY 2011 forward, Fund Balance is required to be segregated into nonspendable / spendable components per GASB 54.

City of Boise, Idaho
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Property taxes	$ 119,818	$ 114,095	$ 108,733	$ 105,925	$ 101,822	$ 97,573	$ 92,500	$ 88,087	$ 83,635	$ 76,446
Franchise fees	8,476	8,047	7,189	6,849	6,998	7,527	7,343	6,940	6,937	5,992
Licenses and permits	9,267	7,276	6,548	4,928	4,469	4,720	6,687	8,183	8,522	7,182
Intergovernmental revenues	19,207	19,626	18,441	17,875	19,696	18,644	20,553	20,107	19,101	17,161
Program income	59	-	144	67	637	370	12			
Charges for services	33,903	30,563	29,632	28,889	28,542	25,535	25,406	22,346	21,072	18,999
Fines and forfeitures	437	3,041	3,348	3,422	3,793	3,329	3,717	4,019	3,501	3,005
Donations	390	875	539	868	1,591	723	906	844	589	400
Dev. Reimb. & Sp. Asses.	3,216									
Investment income	541	358	858	736	893	1,324	2,549	4,022	2,904	1,366
Miscellaneous revenue	2,906	1,991	1,183	2,918	3,649	921	1,072	4,894	947	1,565
Total Revenue	198,220	185,872	176,615	172,477	172,090	160,666	160,745	159,442	147,208	132,116
Expenditures										
General government	28,137	26,256	29,039	32,078	26,838	26,737	27,919	23,108	17,935	17,275
Public safety										
Fire	44,784	42,856	41,755	40,265	38,489	34,153	32,296	29,931	29,646	27,364
Police	47,305	46,485	46,421	45,150	46,249	46,326	45,053	39,289	35,828	33,628
Parks and recreation	25,558	20,595	18,731	18,816	18,198	17,968	17,999	18,576	16,767	14,760
Culture	10,691	9,530	9,234	9,294	8,969	8,563	7,923	6,650	6,386	5,631
Community services	20,641	19,499	13,330	12,854	13,035	13,346	13,884	13,223	11,583	11,100
Community development	966	368	811	925	1,656	1,125	1,368	1,442	588	589
Capital outlay & Minor Eq.	6,321	14,960	16,205	17,561	18,874	19,361	14,519	20,389	7,531	10,895
Debt sevice										
Principal	1,624	1,548	539	1,136	1,084	1,033	2,968	1,038	999	950
Interest	1,165	1,253	1,462	1,497	1,418	1,465	1,568	1,645	1,714	1,751
Issuance costs	-	-	732	333						
Total expenditures	187,192	183,350	178,259	179,909	174,810	170,077	165,497	155,291	128,977	123,943
Excess of revenues over (under) expenditures	11,028	2,522	(1,644)	(7,432)	(2,720)	(9,411)	(4,752)	4,151	18,231	8,173
Other financing sources uses										
Bonds issuance & costs	52	319	25,223	3,995						
Payments to refunded bond escrow agent			(23,850)							
Capital asset sale proceeds	650	1,277	4,447							
Transfers in	17,088	16,888	10,505	19,905	2,929	9,438	15,270	20,714	11,514	9,277
Transfers out	(17,185)	(16,976)	(9,662)	(18,954)	(2,765)	(7,857)	(15,339)	(20,696)	(11,575)	(9,723)
Total other financing sources (uses)	605	1,508	6,663	4,946	164	1,581	(69)	18	(61)	(446)
Net change in fund balance	$ 11,633	$ 4,030	$ 5,019	$ (2,486)	$ (2,556)	$ (7,830)	$ (4,821)	$ 4,169	$ 18,170	$ 7,727
Debt service as a percentage of noncapital expenditures	1.51%	1.57%	1.16%	1.51%	1.50%	1.54%	2.74%	1.73%	2.10%	2.18%

City of Boise, Idaho
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(In thousands)

Fiscal Year Ended 9/30	Residential Property	Commercial Property	Farm Property	Personal Property	Manufacturing Property	Operating Property	Other Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	10,632,595	5,092,541	12,768	691,260	53,312	262,437	26,761	2,323,792	14,447,882	0.570
2006	12,863,844	5,753,673	18,957	643,990	664,797	252,489	28,398	4,340,545	15,885,603	0.055
2007	15,432,901	6,341,805	15,593	692,252	248,836	274,627	35,140	4,693,702	18,347,452	0.050
2008	16,020,033	6,051,550	16,367	678,936	900,041	285,427	43,187	4,761,985	19,233,556	0.051
2009	16,019,195	4,989,741	15,843	673,147	900,041	1,048,484	65,097	5,042,294	18,669,254	0.059
2010	12,559,179	4,278,179	16,222	635,060	976,569	905,890	25,098	4,118,269	15,277,928	0.070
2011	11,251,079	4,052,540	17,974	1,377,247	895,673	295,102	22,847	4,058,033	13,854,429	0.078
2012	10,936,859	3,932,257	16,430	1,525,207	886,238	298,951	21,726	3,985,975	13,631,693	0.083
2013	12,105,733	4,011,930	16,684	1,079,019	931,802	295,138	21,090	3,910,996	14,550,400	0.080
2014	13,869,969	4,268,104	10,483	1,179,510	969,759	303,642	32,357	4,308,829	16,324,994	0.075

Source: Ada County Auditor's Office

City of Boise, Idaho
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate per $1,000 of assessed value)

City Direct Rates						**Overlapping Rates** [1]									**Overlapping Rates** [1]			
Fiscal Year	Basic Rate	Total Direct	Ada County	Ada County Highway District	Boise Independent School District	Meridian School District	Whitney Fire	Flood Control	Emergency Medical/ North Ada Search & Rescue	Dry Creek Cemetery	Joplin Cemetery	Meridian Cemetery	Water & Sewer	NW Sewer	Ada Cty. Ambulance	Mosquito Abatement	West Ada Recreation	Harris Ranch 1
2005	5.73	5.73	2.83	1.01	7.92	6.55	1.94	0.10	0.12	0.01	0.01		-	0.14	-	0.03	0.07	-
2006	5.49	5.49	2.56	1.01	4.73	3.89	1.58	0.09	0.11	0.01	0.01	0.05	-	0.14	-	0.03	0.07	-
2007	5.03	5.03	2.28	0.87	4.43	3.66	1.69	0.08	0.10	0.01	0.01	0.04	-	0.12	-	0.03	0.06	-
2008	5.14	5.14	2.30	0.91	4.56	3.58	1.91	0.09	0.11	0.01	0.01	0.04	-	0.12	-	0.03	0.07	-
2009	5.87	5.87	2.63	1.02	4.92	3.51	2.10	0.10	0.13	0.03	0.01	0.04	-	0.14	-	0.01	0.08	-
2010	6.98	6.98	3.06	1.19	5.58	3.49	2.40	0.12	2.29	0.04	0.01	0.03	-	0.17	-	0.03	0.10	-
2011	7.78	7.78	3.32	1.29	5.50	3.40	2.40	0.13	2.41	0.05	0.01	0.03	-	0.19	-	0.04	0.11	0.09
2012	8.32	8.32	3.36	1.29	6.11	4.60	2.40	0.14	2.41	0.05	0.01	0.05	-	0.19	0.18	0.04	0.11	3.08
2013	8.04	8.04	3.20	1.19	5.71	4.64	2.40	0.15	2.40	0.04	0.01	0.04	-	0.18	0.17	0.03	0.10	2.93
2014	7.48	7.48	3.02	1.08	5.23	4.09	2.08	0.13	2.40	0.04	0.01	0.14	-	-	0.16	0.03	0.09	3.01

Source Certification of Ada County Tax Levies provided by Ada County - Form L1.

Note 1: Overlapping rates are those of local and county governments that apply to property owners within the City of Boise. Not all overlapping rates apply to all Boise Property owners; for example, although the county property tax rate apply to all the city property owners, the Joplin Cemetery rate applies only to the city property owners whose property is located within the district's geographical boundaries.

(In thousands)

	2014				2005		
		Market Valuation	Rank	Percentage of Total Market Valuation	Market Valuation	Rank	Percentage of Total Market Valuation
Micron Technology	$	307,423	1	2.11%	$ 673,867	1	4.66%
Boise Mall LLC		130,099	2	0.89%	110,787	3	0.77%
Idaho Power		105,755	3	0.73%	84,024	5	0.58%
Hewlett Packard		95,838	4	0.66%	221,704	2	1.53%
MP Mask Technology Center		89,395	5	0.61%			0.00%
United Water		85,066	6	0.58%	67,146	7	0.46%
CenturyLink (Qwest)		53,792	7	0.37%	79,989	6	0.55%
New Albertson's Inc		45,877	8	0.32%			
Winco Foods LLC		40,531	9	0.28%			
SCCP Boise LP		39,357	10	0.27%			
Albertsons (Supervalu)					107,462	4	0.74%
Sundance Investments	.				45,709	8	0.32%
MK Plaza Trust					41,004	9	0.28%
S-16 Limited Partnership					34,237	10	0.24%
	$	993,133		6.82%	$ 1,465,929		10.13%
Total Market Valuation		14,550,400			14,456,022		

Source: 2014 Ada County Report of Highest 25 Taxpayers / Idaho Department of Commerce

(In thousands)

		Collected within the Fiscal Year of the Levy			Total Collection to Date	
Fiscal Year Ended September 30	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years (*Note 1*)	Amount	Percentage of Levy
2005	76,583	75,921	99.1%	662	76,583	100.00%
2006	82,905	82,516	99.5%	389	82,905	100.00%
2007	87,442	87,269	99.8%	173	87,442	100.00%
2008	92,364	91,523	99.1%	841	92,364	100.00%
2009	97,703	96,076	98.3%	1,675	97,751	100.00%
2010	101,639	99,904	98.3%	1,785	101,689	100.00%
2011	105,839	103,832	98.1%	2,136	105,968	100.10%
2012	108,073	107,027	99.0%	1,131	108,158	100.10%
2013	113,608	112,852	99.3%	926	113,778	100.10%
2014	118,699	118,432	99.8%		118,432	99.80%

Sources: Ada County Tax Auditor's Office and Boise City Treasury and Accounting Departments
Note 1: Collections in subsequent years includes interest and penalties.

(In thousands)

Governmental Activities

Fiscal Year	Revenue Bonds	Capital Leases			Total Debt[1]	Debt per Capita	Debt to Personal Income	Population	Personal Income
2005	29,285	4,508			33,793	0.162	0.0041	208,219	8,244,015
2006	28,710	4,084			32,794	0.155	0.0038	211,473	8,605,365
2007	28,115	3,641			31,756	0.150	0.0036	212,188	8,751,111
2008	25,605	3,183			28,788	0.142	0.0034	202,412	8,347,926
2009	25,050	2,705			27,755	0.135	0.0032	206,258	8,563,239
2010	24,465	2,206			26,671	0.127	0.0030	210,177	8,754,831
2011	23,850	1,685			25,535	0.124	0.0036	206,470	7,048,060
2012	24,665	1,147			25,812	0.124	0.0036	207,730	7,119,738
2013	23,760	585			24,345	0.116	0.0033	209,700	7,413,734
2014	22,825		3,835	370	22,825	0.105	0.0029	217,730	8,008,109

(1) Includes Harris Ranch CID Debt for FY 2014.

Ratio of Net General Bonded Debt Outstanding

The City has had no general bonded debt from fiscal years 2003 to 2014.

Business-type Activities

Fiscal Year	Revenue Bonds	Capital Leases	Installment Loans	Other Long-Term Obligations	Total Debt	Debt per Capita	Debt to Personal Income	Population	Personal Income
2005	24,699	47,890	9,143	5,080	86,812	0.417	0.0105	208,219	8,244,015
2006	22,650	46,955	9,727	1,540	80,872	0.382	0.0094	211,473	8,605,365
2007	20,534	45,975	9,302	1,400	77,211	0.364	0.0088	212,188	8,751,111
2008	18,341	44,950	8,894	1,260	73,445	0.363	0.0088	202,412	8,347,926
2009	16,069	43,865	8,470	1,120	69,524	0.337	0.0081	206,258	8,563,239
2010	13,649	42,705	8,062	980	65,396	0.311	0.0075	210,177	8,754,831
2011	43,051	-	7,574	840	51,465	0.249	0.0073	206,470	7,048,060
2012	44,919	-	700		45,619	0.220	0.0064	207,730	7,119,738
2013	51,284	-	560		51,844	0.247	0.0070	209,700	7,413,734
2014	45,827	-	420		46,247	0.212	0.0058	217,730	8,008,109

(In thousands)

Direct Governmental Indebtedness:

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt	Debt per Capita	Debt to Personal Income	Population	Personal Income
Revenue Refunding Bonds 2011	$ 22,825	100%	$ 22,825	0.1088	0.0031	209,700	7,413,734
Total Direct Governmental Indebtedness	22,825		22,825	0.1088	0.0031		
Overlapping Bonded Indebtedness:							
Ada County	35,350	53%	18,820	0.0897	0.0025		
Harris Ranch Comm. Inf. District	4,206	100%	4,206	0.0201	0.0006		
Capital City Development Corporation	56,015	100%	56,015	0.2671	0.0076		
Meridian School District	133,492	23%	31,111	0.1484	0.0042		
Boise School Dist. #1	72,490	100%	72,490	0.3457	0.0098		
Total Overlapping Bonded Indebtedness	301,553		182,642	0.8710	0.0247		
Total Direct and Overlapping Debt	$ 324,378		$ 205,467	$ 0.9798	$ 0.0278		

Sources: Net taxable value of real and personal property (provided by Ada County) was used to determine the percentage applicable for the Ada County overlapping debt.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of Boise City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of the overlapping government.

Legal Debt Margin Information
Last Ten Fiscal Years
(In thousands)

Fiscal Year	Debt Limit	Total Net Debt Applicable to the limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of the debt limit
2005	289,120	120,043	169,077	41.52%
2006	318,412	116,426	201,986	36.56%
2007	367,050	107,890	259,160	29.39%
2008	379,619	101,372	278,247	26.70%
2009	346,403	96,437	249,966	27.84%
2010	303,232	91,238	211,994	30.09%
2011	277,693	77,000	200,693	27.73%
2012	273,229	71,256	201,973	26.08%
2013	294,200	69,786	224,414	23.72%
2014	327,112	68,243	258,869	20.86%

Note: A municipality in Idaho is allowed a debt limit of two percent of the market valuation of real and personal property.

(In thousands)

Revenue Refunding Bonds, Series 2011A

Fiscal Year	Operating Revenue	15% of General Fund Revenue	Debt Service for All Outstanding General Fund Obligations (1)	Available for Future Debt Service
2012	170,632	25,595	523	25,072
2013	178,366	26,755	1,820	24,935
2014	188,723	28,308	1,714	26,594

(1) Parity debt is allowed so long as the maximum annual principal and interest requirements on all outstanding obligations constituting a lien upon General Fund Revenues, and on the obligations proposed to be issued does not exceed 15% of the General Fund Revenues and any other revenues available to pay such obligations as set forth on the most recent audited financial statement. (Trust indenture section 2.11)

Airport Revenue Refunding Bonds, Series 2011--Air Terminal Project

				Debt Service		
Fiscal Year	Pledged Revenue (1)	Operating Expenses (2)	Net Available Revenue	Principal	Interest	Coverage
2011	29,587	17,369	12,218	1,400	815	5.52
2012	27,293	17,731	9,562	2,860	1,560	2.16
2013	27,399	17,804	9,595	2,975	1,446	2.17
2014	28,792	18,361	10,431	3,095	1,327	2.36

(1) Includes Operating Revenue, Interest Income, and Passenger Facilities Charges.
(2) Excludes Interest Expense, Depreciation, Gain or Loss on Property Sale/Exchange/Disposal.

Airport Revenue Bonds, Series 2012

				Debt Service		
Fiscal Year	Pledged Revenue (1)	Operating Expenses (2)	Net Available Revenue	Principal	Interest	Coverage
2013	23,921	17,804	6,117	525	301	7.41
2014	25,314	18,361	6,953	430	399	8.39

(1) Includes Operating Revenue and Interest Income
(2) Excludes Interest Expense, Depreciation, Gain or Loss on Property Sale/Exchange/Disposal.

Wastewater Facility Refunding Bonds, Series 2012

				Debt Service		
Fiscal Year	Pledged Revenue (1)	Operating Expenses (2)	Net Available Revenue	Principal *	Interest *	Coverage
2012	32,455	22,379	10,076	-	-	N/A
2013	32,629	22,855	9,774	1,895	283	4.49
2014	37,102	24,519	12,583	1,932	243	5.79

(1) Includes Operating Revenue, and Interest Income.
(2) Excludes Interest Expense, Depreciation, Gain or Loss on Property Sale/Exchange/Disposal.

Year	Population [2/3]	Personal Income (in thousands) [1]	Per Capita Personal Income [4]	Median Age [2]	Education Level in Years of Schooling	K-12 School Enrollment [5]	Unemployment Rate [4]
2005	194,934	7,718,032	39,593	34.7	13.8	25,680	3.2%
2006	198,638	8,083,077	40,693	35.1	13.8	25,287	2.9%
2007	202,412	8,347,926	41,242	35.1	13.8	25,000	2.0%
2008	206,258	8,563,239	41,517	35.1	13.8	24,800	6.8%
2009	210,177	8,754,831	41,655	35.1	13.8	25,000	6.8%
2010	205,671	8,581,269	41,723	35.1	13.8	25,251	9.0%
2011	206,470	7,048,060	34,136	34.1	13.8	25,430	8.5%
2012	207,730	7,119,738	34,274	34.1	13.8	25,565	6.5%
2013	209,700	7,413,734	35,354	32.5	13.8	26,079	5.9%
2014 (Note 1)	217,730	8,008,109	36,780	35.3	n/a	25,565	3.5%

Sources

1 Idaho Department of Commerce and Labor
2 Community Planning Association of Southwest Idaho
3 US Census Bureau
4 US Bureau of Labor Statistics (Boise MSA)
5 Boise Independent School District

Note 1: Data no longer available for Education Level in Years of Schooling statistic

	2014			2005		
Employer	Employees [1]	Rank [1]	Percentage of Total City Employment[1]	Employees[2]	Rank[2]	Percentage of Total City Employment[2]
State of Idaho (Includes BSU)	23,723	1	8.80%	14,300	1	5.25%
St Luke's Regional Medical Center	8,450	2	3.13%	4,300	4	1.58%
Micron Technology	5,950	3	2.21%	9,500	2	3.49%
Meridian School District #2	4,350	4	1.61%	2,875	10	1.05%
Boise School District #1	3,850	5	1.43%	4,000	6	1.47%
St Alphonsus Regional Medical Center	3,450	6	1.28%	3,373	9	1.24%
Walmart	2,550	7	0.95%			
Hewlett Packard	2,050	8	0.76%	4,000	5	1.47%
JR Simplot	2,050	9	0.76%	3,800	7	1.39%
Albertsons Inc.	2,050	10	0.76%	3,800	8	1.39%
US Federal Governmentr				5,700	3	2.09%
	58,473		21.69%	-		0.00%
Total Employment in Boise MSA [3]			269,680			272,560

Source:
1 - 2013 Boise Valley Economic Partnership-Avg./ State of Idaho 2014 CAFR.
2 - FY 2005 City of Boise Audit CAFR
3 - Idaho Dept. of Labor Boise MSA (September)

Department/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Mayor's Office	12	22	22	22	22	22	19	19	19	19
City Council (Note 1)	9									
Legal Department	51	50	50	50	50	50	48	48	46	46
Human Resources	14	13	13	13	13	12	11	11	11	11
Customer and Support										42
Finance and Administration	61	60	61	60	60	61	59	59	58	25
Information Technology	53	53	53	53	53	57	57	57	30	24
Public Safety										
Fire Department	284	283	282	294	295	266	258	258	250	250
Police	395	400	405	387	396	409	402	402	367	365
Parks and Recreation	152	146	146	149	151	155	154	154	149	155
Culture										
Arts and History	6	5	5	5	5	5	4	4	4	4
Library	110	110	113	113	113	123	108	108	87	88
Community Services										
Planning & Development	91	90	93	98	98	102	100	100	103	95
Public Works	26	26	26	27	29	29	26	26	28	30
Airport	109	109	109	108	108	115	113	113	151	137
Sewer	195	184	180	179	180	193	188	188	195	190
Geothermal	1	1	1	1	1	1	1	1	1	1
Solid Waste	4	5	5	5	5	5	5	5	5	5
Risk Management	4	5	5	5	5	5	4	4	4	4
Workers Comp	3	1	1	1	1	1	1	1	1	1
Fleet Services	18	18	18	18	19	20	17	10	10	10
Housing Rehab	17	17	17	17	17	19	19	19	19	19
Total	1,615	1,598	1,605	1,605	1,621	1,650	1,592	1,587	1,538	1,522

In FY 2006 Customer and Support Services was reorganized and put under the Department of Finance and Administration except for Communications (5 FTE) which was moved to IT.

Source: Boise City Budget Office

Note 1: Added City Council in 2014 as they are now considered a separate department

City of Boise, Idaho
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Mayor and City Council										
Number of Neighborhood Reinvestment project grants av	23	26	28	18	17	10	19	29	19	12
Number of active Neighborhood Reinvestment project	62	43	27	24	49	59	60	58	41	35
Ordinances and resolutions adopted	696	531	482	468	526	420	560	681	568	525
General Government Administration										
Number of children in licensed daycare facilities (Note	n/a	9,382	9,400	9,255	9,234	9,728	9,500	19,500	19,000	32,900
Number of square feet of facilities maintained	530,528	530,528	537,317	504,979	473,379	457,868	396,797	405,671	253,477	263,059
Legal										
Criminal matters processed (Boise only)	15,419	16,234	17,296	17,972	19,637	21,451	7,970	58,211	64,059	60,620
Criminal matters processed (other than Boise)	5,390	5,632	6,655	5,372	4,689	4,064				
Human Resources										
Days from requisition to applicant referral (HR Control)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	22	27
Information and Technology										
Number of supported PCs (Note 6)	2,694	2,399	2,100	2,060	1,942	1,915	1,900	1,843	1,150	n/a
Number of help desk calls	25,923	25,408	25,410	20,436	18,968	18,824	20,532	6,483	3,537	2,143
Average number of mapping requests per month	n/a	n/a	n/a	15,037	14,631	29,379	15,150	31,400	30,300	19,132
Monthly avg. # of GIS Map Image, ArcGIS Server and	220,565	217,714	181,297							
Financial Services										
Number of purchase orders issued	1,005	740	1,123	1,130	1,173	1,099	1,377	1,785	2,060	1,650
Number of dollars recovered by Collections (thousands)	$ 3,896	$ 3,240	$ 3,166	$ 2,982	$ 2,969	$ 2,732	$ 2,395	$ 2,141	$ 1,963	$ 1,226
Ratio of interest earned vs. interest expense	0.40	0.31	0.36	0.39	0.53	0.71	1.21	1.54	1.07	0.49
Ratio of Portfolio Yield vs. Fed Funds	2.172	2.256	2.860	3.796	5.716	7.348	1.569	1.087	0.957	0.925
Number of loans internally serviced (sewer & housing)	717	762	803	849	824	806	765	726	808	763
Public Safety										
Fire										
90th Percentile Response Time (Note 2)	6:47	6:38	6:18	6:10	6:12	6:09	6:01	6:14	6:09	6:06
Number of fires investigated	91	132	119	85	108	97	114	127	100	110
Number of plans reviewed	357	388	276	313	362	376	659	912	1,500	
Police										
Number of police reports taken (Note 4)	24,209	24,707	25,255	26,952	27,490	30,237	31,752	34,741	35,196	35,339
Number of crime scenes processed	440	405	316	339	326	334	309	359	967	3,148
Number of citations for hazardous moving violations	13,787	16,284	n/a	n/a	n/a	n/a	n/a	23,373	22,061	21,118
Number of DUI arrests	1,117	983	1,251	1,395	1,537	1,824	2,098	2,031	2,240	1,865
Parks and Recreation										
Miles of trails maintained	145	145	148	148	137	129	129	125	97	95
Number of adaptive programs offered	358	300	282	286	256	224	188	216	200	143
Number of acres maintained	2,069	1,894	1,739	1,739	1,892	1,386	1,386	15,200	14,800	15,776
Zoo attendance	329,972	336,558	322,771	323,741	332,230	362,925	279,687	295,543	270,850	259,223
Idaho Ice World attendance	318,334	306,486	373,541	365,729	525,202	574,247	629,773	550,442	232,436	203,514
Number of rounds at Warm Springs Golf course	51,921	49,191	46,828	49,242	48,344	51,353	46,685	48,745	47,959	46,590
Average youth scholarship amount	$22.65	$37.45	$40.72	$50.00	$42.37	$ 40.97	$ 40.25	$ 34.02	$ 41.73	$ 37.46
Number of youth scholarships awarded	6,915	4,046	3,302	3,006	2,344	1,668	1,051	771	606	277
Number of youth served	561,598	544,083	511,724	655,492	702,911	732,557	670,618	650,447	619,201	559,865

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Culture										
Arts										
Number of public art pieces owned by City	329	329	225	180	180					
Estimated # of citizens participating/exposed to	1,092,674	2,100,000	1,310,000	1,218,365	487,700	49,700	55,000	60,000	58,333	25,448
Number of print and electronic publications	531	525	325	10	10					
Number of public program series (Note 3)	105	45	25	18	16					
Number of projects completed	95	95	52	n/a	n/a	46	18	8	2	10
Number of A&H cultural/facility plans completed	1	1	n/a	5						
Number of A&H studies completed	1	1	n/a	2						
Number of A&H presentations, facilitations, and	98	6	11	7						
Number of citizens who received public art walking	950	1,800	850	n/a	n/a	5,500	2,168	1,679		
Library										
Annual circulation	2,219,680	2,144,471	2,297,905	2,340,898	2,313,307	1,998,057	1,694,089	1,571,639	1,448,423	1,510,530
Reference questions per capita	1.00	0.99	1.31	1.30	1.27	1.23	1.05	0.65	0.23	0.90
Number of special programs	3,214	3,110	2,719	2,711	2,843	1,988	1,513	1,282	1,154	1,499
Community Service										
Planning and Development Services										
Total construction permit value (millions)	$ 433	$ 361	$ 399	$ 297	$ 160	$ 259	$ 369	$ 657	$ 654	$ 465
Total number of permits	18,268	16,493	15,328	14,378	13,734	11,601	15,044	16,292	16,623	16,593
Percent of commercial plans reviewed <30 days	92%	92%	83%	87%	88%	85%	82%	50%	58%	63%
Number of affordable housing units available	284	284	281	274	274	274	274	273	273	273
Parking Control										
Parking tickets issued	65,618	63,082	62,474	68,458	74,632	69,233	67,364	63,318	63,502	72,506
Cemetery										
Number of burials	150	157	159	161	152	173	192	157	159	174
Airport										
Airline cost per enplaned passenger	4.60	4.59	4.36	$ 4.81	$ 4.81	$ 3.87	$ 3.49	$ 3.34	$ 3.28	$ 3.35
Number of enplanements	1,347,989	1,306,548	1,328,767	1,393,611	1,394,670	1,404,321	1,649,491	1,668,834	1,623,438	1,545,268
Public Works										
Total number of street lights	11,137	11,021	10,885	10,693	10,933	10,853	10,762	10,193	10,011	9,757
Number of Geothermal customers	76	81	73	66	59	58	57	55	55	n/a
Sewer										
Dollars per foot of constructed 8" sewer pipe	$122.00	$114.85	$111.88	$110.25	$109.93	$ 104.63	$ 101.69	$ 100.48	$ 92.84	$ 64.21
Number of sewer backups per 100 miles of pipe	4.40	2.25	4.71	4.42	2.58	4.33	4.00	3.73	3.34	3.35
Miles of sewer pipe	799	711	704	702	697	694	685	675	659	638
Gallons of sewage treated per Capita	27	26	27	27	25	25	26	27	28	27
Residential Tons recycled per fiscal year (Note 5)	13,396	12,878	12,602	12,496	12,802	7,715	8,390	7,643	7,500	7,363
Percentage of solid waste recycled	15%	15%	15%	14%	14%	11%	13%	8%		
Percentage of City customers recycling	97%	96%								

Note 1: Operating indicator data was not available in all cases prior to 2005.
Note 2: 90th percentile of 3 fire and 3 EMS codes reported for FY2012.
Note 3: # of public program series with four or more separate projects/presentations.
Note 4: Updated Police-Number of Reports Taken for all years.
Note 5: Sewer-Tons of solid waste per capita changed to Tons recycled per fiscal year
Note 6: Changed to PC's only for 2014 - printers are no longer owned by the City of Boise
Note 7: Data not available for 2014

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Primary Government										
Governmental activities:										
Fire										
Fire trucks	4	4	4	4	4	4	4	4	4	4
Fire engines	23	22	19	17	17	17	16	16	21	21
Rescue/utility vehicles	12	15	14	14	13	13	13	13	12	10
Fire facilities	17	18	19	17	17	16	16	16	15	14
Fire hydrants	6,590	6,450	6,490	6,491	6,987	6,747	7,209	7,183	6,913	6,791
Police										
Vehicles	294	273	268	278	275	279	253	242	251	232
Motorcycles	14	14	14	14	10	14	13	12	12	12
Police station (non city owned)	1	1	1	1	1	1	1	1	1	1
Police mobile substation	1	1	1	1	1	1	1	1	1	1
Parks and recreation										
Park sites	88	98	129	129	137	111	111	111	110	108
Picnic areas	75	67	67	67	67	66	64	62	62	58
Recreation/community centers	6	6	6	6	7	8	6	4	4	4
Ice skating facilities	1	1	1	1	1	1	1	1	1	1
Playgrounds	79	78	77	73	73	74	73	72	71	71
Basketball courts	27	25	25	25	25	26	26	26	26	26
Cultural/historical sites	4	4	4	4	4	4	4	4	4	4
Golf courses	2	1	1	1	1	1	1	1	1	1
Tennis courts	85	85	85	81	81	77	77	77	77	76
Youth baseball fields	32	32	35	35	35	35	35	35	35	35
Soccer fields	48	48	48	49	48	54	49	44	44	44
Skate parks	3	3	3	3	3	3	3	3	3	3
Pools	7	7	7	7	7	7	7	7	7	7
Zoo	1	1	1	1	1	1	1	1	1	1
Bike, walking or hiking trails	150	145	148	148	148	130	129	125	108	108
Foothills-special levy (acres)	3,842	3,842	3,582	3,428	3,428	1,529	1,519	1,199	1,199	1,199
Governmental activities:										
Culture										
Public art investments	359	222	200	172	170	147	143	116	106	60
Library Locations	4	4	4	4	4	4	3	2	2	2
Items in library collection (thousands)	427	420	424	418	413	408	372	356	361	376
Community Services										
Cemeteries	3	3	3	3	3	3	3	3	3	3
Streetlights	8,811	7,850	7,754	7,874	7,804	7,705	7,593	7,425	7,111	6,918
Business-type activities:										
Airport										
Runways (commercial)	2	2	2	2	2	2	2	2	2	2
Total parking spaces	4,350	4,350	3,600	3,600	3,600	3,600	2,882	2,831	2,141	2,141
Sewer										
Wastewater treatment plants	2	2	2	2	2	2	2	2	2	3
Other										
Single family home rental units	28	18	14	12	12	12	12	14	28	18
Apartment rental units	268	268	267	260	260	260	260	260	255	255

Single Audit
September 30, 2014

City of Boise, Idaho

Federal Grantor/Program Title	Federal CFDA Number	Identifying Number	Current Year Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Idaho Department of Education:			
PK Mobile Rec Coordinator	10.500	USDA-NIFA-SLBCD-002652	$ 13
PK ID Dept ED Snack & Meal at Community Centers	10.253	4026	124
TOTAL DEPARTMENT OF AGRICULTURE			$ 137
U.S. FOREST SERVICE			
Direct Programs:			
Cooperative Forestry Assistance	10.664	13-CS-1104201-010	$ 4
TOTAL U.S. FOREST SERVICE			$ 4
U.S. DEPARTMENT OF HUD			
Direct Programs:			
Community Development Block Grant-Entitlement Grants	14.218	B-11-MC-16-0001	$ 113
Community Development Block Grant-Entitlement Grants	14.218	B-12-MC-16-0001	1,354
Community Development Block Grant-Entitlement Grants	14.218	B-13-MC-16-0001	4
			1,471
HOME Investment Partnerships Programs	14.239	M-09-MC-16-0200	2
HOME Investment Partnerships Programs	14.239	M-10-MC-16-0200	183
HOME Investment Partnerships Programs	14.239	M-11-MC-16-0200	587
HOME Investment Partnerships Programs	14.239	M-12-MC-16-0200	783
HOME Investment Partnerships Programs	14.239	M-13-MC-16-0200	179
			1,734
MCKINNEY-VENTO CONTINUUM OF CARE	14.267	ID0052L0E001200	13
MCKINNEY-VENTO CONTINUUM OF CARE	14.267	ID0053L0E001200	11
MCKINNEY-VENTO CONTINUUM OF CARE	14.267	ID0054L0E001200	14
			38
TOTAL U.S. DEPARTMENT OF HUD			$ 3,244

Federal Grantor/Program Title	Federal CFDA Number	Identifying Number	Current Year Disbursements
U.S. DEPARTMENT OF INTERIOR			
Direct Programs:			
Recreation Resource Management	15.225	L12AC20398	$ 42
TOTAL U.S. DEPARTMENT OF INTERIOR			$ 42
U.S. DEPARTMENT OF JUSTICE			
Bulletproff Vest Partnership Program	16.607	BOBX-11056597	$ 1
Public Safety Partnership and Community Policing Grants	16.710	2010-CK-WX-K013	8
Bureau of Justice JAG 2011	16.738	2011-DJ-BX-2485	84
BJA FY12 Edward Byrne Memorial Justice Assistance Grant JAG	16.738	2012-H320-ID-DJ	18
Bureau of Justice JAG 2013	16.738	2013-DJ-BX-0886	25
			127
Total Direct Programs - Non ARRA Funds			136
Passed Through Ada County FACES:			
Violence Against Women Act Court Training and Improvement Grants	16.013	8344-2-11	40
Passed Through Idaho State Office of Attorney General:			
2013 Idaho Internet Crimes Against Children Taskforce	16.543	2013-MC-FX-K024	19
Total Passed Through Programs			59
TOTAL U.S. DEPARTMENT OF JUSTICE			$ 195
U.S. DEPARTMENT OF TRANSPORTATION			
Airport Improvement Program	20.106	3-16-0003-57	$ 69
Airport Improvement Program	20.106	3-16-0003-58	3,617
Airport Improvement Program	20.106	3-16-0003-059-2014	1,601
			5,287
Circular Analysis Grant	20.522	ID-39-0001-00	158
Garden City to Americana Blvd Greenbelt	20.205	A013(514)	27
Office of Highway Safety	20.205	A010(660)	14
Office of Highway Safety	20.205	A012(537)	48
			88

Federal Grantor/Program Title	Federal CFDA Number	Identifying Number	Current Year Disbursements
PRJT SYD1402 FED# TSP-2014-02-00-00	20.600	TSP-2014-02-00-00	25
PRJT SCP1402 FED# CP-2014-02-00-00	20.600	CP-2014-02-00-00	10
Office of Highway Safety	20.600	AL-2014-01-00-00	2
Office of Highway Safety	20.600	PT-2014-01-00-00	39
Office of Highway Safety	20.600	OP-2014-01-00-00	37
			113
Office of Highway Safety	20.601	K8-2014-01-00-00	29
Office of Highway Safety	20.616	M5HVE-2014-01-00-00	26
Office of Highway Safety	20.616	M2HVE-2014-01-00-00	28
			54
2013 HMEP DOT RRT4 Grant	20.703	HM-HMP-0371-13-01-00	13
Passed Through Idaho Department of Parks and Recreation			
Around the Mountain Trail	15.219	RT13-3-08-1	33
Total Passed Through Programs			330
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			$ 5,775
Passed Through Idaho Commission on the Arts:			
Commission on the Arts	45.129	2905PPA-14	$ 1
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			$ 1
Library Services and Technology Act	45.310	CE1400-52	$ 1
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			$ 1

Federal Grantor/Program Title	Federal CFDA Number	Identifying Number		Current Year Disbursements
NATIONAL SCIENCE FOUNDATION				
Passed Through the Boise State University:				
Education and Human Resources	47.076	N/A	$	5
BSU EPSCoR Adventure Learning	47.080	IIA-131792		9
TOTAL NATIONAL SCIENCE FOUNDATION			$	14
U.S. DEPARTMENT OF ENERGY				
Direct Programs:				
Renewable Energy Research and Development	81.087	DE-EE0000318	$	132
TOTAL DEPARTMENT OF ENERGY			$	132
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Drug Free Idaho:				
Drug-Free Communities Support Program Grants	97.276	1H79SP017028-01	$	10
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			$	10
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Programs:				
2010 FEMA Turnout Grant - payback of reimbursed funds	97.044	EMW-2010-FO-08129	$	(1)
Assistance to Firefighters Grant Program-FEMA	97.044	EMW-2012-FR-00397		197
				196
National Explosives Detection Canine Team Program	97.072	HSTS02O8HCAN408		303
Discretionary Checked Baggage Recapitalization	97.117	HSTS04-13-H-CT1034		110
Discretionary Checked Baggage Recapitalization	97.117	HSTS04-13-H-CT1137		102
				213
LEO Checkpoint	97.090	HSTS0213HSLR081		124
Total Direct Programs				835
Passed Through the State of Idaho Military Division:				
2011 Homeland Secruity Grant Program	97.067	EMW-2011-SS-00018		302
2012 Homeland Secruity Grant Program	97.067	EMW-2012-SS-00136		187
2013 Homeland Secruity Grant Program	97.067	EMW-2013-SS-00149		76
Total Passed Through Programs				565
TOTAL DEPARTMENT OF HOMELAND SECURITY			$	1,400
TOTAL FEDERAL AWARDS BEFORE PFC'S			$	10,953
OTHER FEDERAL ASSISTANCE				
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through Airline Industry:				
Passenger Facility Charges			$	5,267
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			$	5,267
TOTAL FEDERAL ASSISTANCE			$	16,221

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Boise, Idaho (the City), and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The City received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note B – Significant Accounting Policies

Governmental fund types account for the City's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The City's summary of significant accounting policies is presented in Note 1 in the City's basic financial statements.

Note C – Subrecipients of Grant Awards

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the City provided federal awards to subrecipients as follows:

Meridian Fire Department	
Assistance to Firefighters Grant Program - FEMA	
(CFDA No. 97.044)	$ 134,332
Eagle Fire Department	
Assistance to Firefighters Grant Program - FEMA	
(CFDA No. 97.044)	42,020
	$ 176,352

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor
and Members of the City Council
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Boise, Idaho, (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
March 20, 2015

Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance

To the Honorable Mayor,
Members of the City Council, and Federal Aviation Administration
Boise, Idaho

Report on Compliance for Passenger Facility Charge Program
We have audited the Boise Airport's (the Airport's) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the quarters and year ended September 30, 2014.

Management's Responsibility
Management is responsible for compliance with the requirements of laws and regulation applicable to its passenger facility charge program.

Auditor's Responsibility
Our responsibility is to express an opinion on the Airport's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Airport's compliance with those requirements.

Opinion
In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the quarters and year ended September 30, 2014.

Report on Internal Control over Compliance
Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Airport's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, City Council, audit committee, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Boise, Idaho
March 20, 2015

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance; Required by OMB Circular A-133

To the Honorable Mayor
and Members of the City Council
Boise, Idaho

Report on Compliance for Each Major Federal Program
We have audited City of Boise, Idaho's (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program
In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2014.

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Report on Internal Control over Compliance
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
March 20, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

Name of Federal Program	CFDA Number
Homeland Security Grant Program	97.067
Airport Improvement Program	20.106
Edward Byrne Memorial Justice Assistance Grant Program	16.738
Assistance to Firefighter Grants	97.044

Dollar threshold used to distinguish between Type A and Type B programs: (in thousands)	$329
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None reported in the current year.

Section III - Federal Award Findings and Questioned Costs

None reported in the current year.

Finding 2013 – 001 Equipment and Real Property Management

Condition – Equipment purchased with federal awards was not tracked in the fixed asset records as federally funded.

Current Status – The City has implemented controls to verify that equipment purchased with federal funds is being tracked in the fixed asset record system as being federally funded.

2013-002 Reporting

Condition – The September 30 quarterly report for grant 2011 ITRT2 (one of several sub-grants within the 97.067 program) was not prepared or submitted.

Current Status – The City has implemented controls to verify that quarterly reports are submitted.

2013-003 Reporting

Condition – Controls were not in place to accurately complete and review the report submitted for the six months ended June 30, 2013.

Current Status – The City has implemented controls to verify that quarterly reports are submitted.

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APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE UNDERTAKING

$12,665,000 City of Boise City, Idaho
Airport Revenue Bonds, Subordinate Series 2015
(Airport Maintenance Facilities Project)

THIS CONTINUING DISCLOSURE UNDERTAKING (the "Undertaking") is executed and delivered by the City of Boise City, Idaho (the "Issuer") and Zions First National Bank (the "Disclosure Agent") in connection with the issuance of $12,665,000 Airport Revenue Bonds, Subordinate Series 2015 (Airport Maintenance Facilities Project) (the "Bonds") being issued pursuant to a Trust Indenture dated as of August 1, 2015 between the Issuer and Zions First National Bank as Trustee (the "Indenture"). The Undertaking 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 Issuer has resolved to issue the Bonds pursuant to a Resolution adopted by the City Council on June 23, 2015 (the "Resolution"). The CUSIP number assigned to the final maturity of the Bonds is 097428DJ2.

2. Appointment of Disclosure Agent. The Issuer hereby appoints the Disclosure Agent and any successor Disclosure Agent acting as such under the Indenture as its agent under this Undertaking 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, 2015, 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, 2015. 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 Undertaking and that they comply with the applicable requirements of this Undertaking. 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:

- Updated Table Three entitled "Historical Enplaned Passengers" in the Section entitled "Recent Passenger Activity" in the Official Statement.

- Updated Table Four entitled "Selected Historical and Operating Results" in the Section entitled "Summary of Historical Operating Results" in the Official Statement.

- Updated Table Six entitled "Historical and Projected Debt Service Coverage For the Years Ended September 30, 2012 through 2021" in the Section entitled "Report of the Airport Consultant" in the Official Statement, but only as to historical Debt Service Coverage information, *i.e.*, from the most recent Fiscal Year.

Any or all of the items listed above in Sections 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. <u>Notice of Certain Events</u>. 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 Bonds:

(1) Principal and interest payment delinquencies (which for the purpose of this Undertaking shall mean the Issuer's failure to provide funds to the Trustee for payments of principal and interest at the times specified in the Indenture);

(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 person;

(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) In a timely manner, notice of a failure of the Issuer or the obligated person to provide the required annual financial information specified in Sections 3.a and 3.b above, on or before the date specified therein.

The Disclosure Agent shall attempt to promptly advise the Issuer whenever, in the course of performing its duties under the Indenture, 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 occurrence shall not constitute a breach by the Disclosure Agent of any of its duties and responsibilities hereunder or under the Indenture.

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 actually 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 Undertaking. The Disclosure Agent's duties and obligations are only those specifically set forth in this Undertaking, 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 Undertaking 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 Undertaking 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 Undertaking 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.

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 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 Undertaking, 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 Undertaking.

7. Compensation. The Issuer hereby agrees to compensate the Disclosure Agent for the services provided and the expenses incurred pursuant to this Undertaking 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 Trustee under the Indenture.

8. Enforcement. The obligations of the Issuer under this Undertaking shall be for the benefit of the registered and beneficial holders of the Bonds. Any holder of the Bonds then outstanding, including any Beneficial Owner (as defined in the Indenture) of the 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 Undertaking shall not constitute a default under the Indenture. Neither the Issuer nor the Disclosure Agent shall have any power or duty to enforce this Undertaking.

This Undertaking shall inure solely to the benefit of the Issuer, the Disclosure Agent and the holders and beneficial owners from time to time of the 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.

"Official Statement" shall mean the final Official Statement relating to the Bonds dated July 28, 2015.

"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.

10. **Amendments and Termination.** This Undertaking 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 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 Undertaking, 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 Bonds, as determined by parties unaffiliated with the Issuer (such as nationally recognized bond counsel).

Any party to this Undertaking may terminate this Undertaking 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 undertaking contained in this Undertaking 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.

The undertaking contained in this Undertaking shall be in effect from and after the issuance and delivery of the Bonds and shall extend to the earlier of (i) the date all principal and interest on the Bonds shall have been paid pursuant to the terms of the Subordinate Indenture; (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 undertaking (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 Bonds. The Issuer shall notify the Repository if this Undertaking is terminated pursuant to (iii), above.

11. **Successor Disclosure Agent.** Upon the transfer of the duties created under the Indenture from the current Disclosure Agent in its capacity as Trustee, to a successor Disclosure Agent, in its capacity as successor trustee, such successor Disclosure Agent shall succeed to the duties under this Undertaking 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 Undertaking or cause it to be amended as provided in Section 10 hereof.

12. **Additional Information.** Nothing in this Undertaking 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 Undertaking 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 Undertaking. 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 Undertaking, the Issuer shall have no obligation under this Undertaking 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 Bonds, which information is not designated as Event Information, and directs the Disclosure 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 Undertaking shall be given to the parties at their addresses set forth below under their signatures or at such places as the parties to this Undertaking may designate from time to time.

14. **Counterparts.** This Undertaking may be executed in one or more counterparts, and each such instrument shall constitute an original counterpart of this Undertaking.

15. **Governing Law.** This Undertaking shall be governed by the laws of the State of Idaho and Rule 15c2-12.

[*Signatures on following page]*

IN WITNESS WHEREOF, the Issuer and the Disclosure Agent have caused this Undertaking to be executed and delivered by a duly authorized officer of each of them, all as of this _____ day of __________, 2015.

ISSUER: **THE CITY OF BOISE CITY, IDAHO**

By: ______________________________________

____

Notice Address:
150 North Capitol Blvd. (City Hall), 1st Floor
Boise, ID 83702
Attention: _______________

DISCLOSURE AGENT: **ZIONS FIRST NATIONAL BANK**

By: ______________________________________

Notice Address:
____
____

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APPENDIX E

GENERAL AND ECONOMIC INFORMATION

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APPENDIX E

GENERAL AND ECONOMIC INFORMATION

General

The City is located in Ada County (the "County") in the southwestern part of the State of Idaho (the "State"). The City, which is the State capital, contains 51.1 percent of the population of the County; the County contains 26.1 percent of the population of the State.

Historical population statistics for the City, County, and the State are shown below:

POPULATION

Years	Boise City	Ada County	State of Idaho
2014 Estimate	217,730	426,236	1,634,464
2010 Census	205,671	392,365	1,567,582
2000 Census	185,787	300,904	1,293,953
1990 Census	125,738	205,775	1,006,749
1980 Census	102,451	173,036	943,935

Source: U.S. Census Bureau, 2014 Quick Facts, Census 2010, Census 2000, 1990 Census, and the City of Boise Comprehensive Annual Financial Report FY 2014

Employment

The following information shows the current employment environment in the City area:

Boise City
Principal Employers

Employer	*Employees*	*Rank*	*Percentage of Total City Employment*
State of Idaho (includes Boise State University)	23,723	1	8.80%
St. Luke's Regional Medical Center	8,450	2	3.13%
Micron Technology	5,950	3	2.21%
Meridian School District #2	4,350	4	1.61%
Boise School District #1	3,850	5	1.43%
St. Alphonsus Regional Medical Center	3,450	6	1.28%
Wal-Mart	2,550	7	0.95%
Hewlett Packard	2,050	8	0.76%
JR Simplot	2,050	9	0.76%
Albertsons Inc.	2,050	10	0.76%
	58,473		21.69%

Source: *City of Boise, Idaho Comprehensive Annual Financial Report for the Year Ended September 30, 2014.*

ECONOMIC INDICATORS

Economic indicators for the City are as follows:

City of Boise
Total Personal and Per Capita Income

Year	***Personal Income (thousands of dollars)***	***Per Capita Personal Income***	***Unemployment Rate***
2014	$8,008,109	$36,780	3.5
2013	$7,413,734	$35,354	5.9
2012	$7,119,738	$34,274	6.5
2011	$7,048,060	$34,136	8.5
2010	$8,581,269	$41,723	9.0
2009	$8,754,831	$41,655	6.8
2008	$8,563,239	$41,517	6.8
2007	$8,347,926	$41,242	2.0
2006	$8,083,077	$40,693	2.9
2005	$7,718,032	$39,593	3.2

Source: *City of Boise, Idaho Comprehensive Annual Financial Report for the Year Ended September 30, 2014.*

TAXABLE RETAIL SALES

Taxable retail sales reflect only those sales subject to retail sales tax. Historic taxable retail sales for Ada County are shown below:

Taxable Retail Sales
(Fiscal Year runs July 1 - June 30)

Fiscal Year	Taxable Sales	Taxes Due[1]
2014	$ 5,012,910,069	$ 322,835,685
2013	4,696,890,601	301,163,458
2012	3,968,480,299	254,322,323
2011	4,035,936,026	256,573,958
2010	4,102,085,025	261,070,505
2009	4,141,835,806	207,006,005
2008	4,737,363,892	300,409,346
2007	4,796,873,442	287,105,936
2006[2]	3,878,761,287	212,989,860
2005[3]	3,457,571,063	230,679,013

(1) Amounts include tax, penalty and interest received during the reporting period.
(2) On August 31, 2006, a bill raising the sales tax to 6 percent permanently was signed into law. The new rate became effective on October 1, 2006.
(3) The 2003 Economic Recovery and Stabilization Act increased the sales tax from 5 percent to 6 percent for the period May 1, 2003 through June 30, 2005. The sales tax returned to 5 percent on July 1, 2005.

Source: Idaho State Tax Commission.

BUILDING PERMITS

The number and valuation of permits issued for residential and commercial construction in the City of Boise is listed below:

Year	Permits Issued for Dwellings[a]	Permits Issued for Commercial Construction[b]	Total Permits Issued[c]	Value of Permits Issued for Living Units	Value of Permits Issued for Commercial Construction	Total Value of Permits Issued[c]
2014	450	1,198	18,203	$226,089,164	$294,370,515	$544,716,365
2013	528	1,028	17,573	176,048,618	273,508,309	483,759,885
2012	568	1,061	15,755	167,774,382	242,422,470	409,791,336
2011	333	886	14,001	119,176,249	233,309,056	354,771,041
2010	342	765	14,061	60,971,914	79,888,709	221,076,638
2009	203	722	11,733	31,541,678	160,124,204	275,099,701
2008	204	871	13,930	50,681,383	253,256,686	427,188,467
2007	564	854	18,175	164,563,625	315,576,607	693,382,307
2006	699	866	18,843	183,446,989	237,966,924	627,615,476

[a] Includes single family, duplex, triplex, fourplex, sixplex, and multiple dwelling units. Does not include private garages, carports, or residential additions.

[b] Includes commercial additions, alterations and replacements, new commercial buildings, religious, governmental and educational buildings.

[c] Includes building, electrical, erosion, fire, mechanical and plumbing permits.

Source: City of Boise Construction Reports.

Higher Education

Several higher educational institutions maintain facilities within the City, or within easy commuting distance, and serve as resources to both students and other residents within the City. Those institutions include: Boise State University, University of Idaho, Idaho State University, College of Western Idaho, Boise Bible College and George Fox University, in Boise; Northwest Nazarene College and the College of Western Idaho, in Nampa; and College of Idaho in Caldwell.

Military

Idaho's largest military presence is based at Gowen Field, just south of Boise, where all of the reserve components are represented by units from the Army and Air National Guard, and the Army, Navy, and Marine Corps Reserve. These citizen-soldiers serve as maintenance and support technicians and instructors at the Army Guard's armor schools and range controllers for the National Guard's armor maneuver area located south of the installation. Over 30,000 soldiers, sailors, airmen and marines train at Gowen Field and in Gowen's orchard training area annually.

Transportation

The City is served by U.S. Interstate Highway 84, five federal primary highways and a well-developed network of state highways.

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APPENDIX F

PROPOSED FORM OF BOND COUNSEL OPINION

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SKINNER FAWCETT LLP

LAW OFFICES

RICHARD A. SKINNER
CHARLES W. FAWCETT
DENNIS GIBALA
HENRY C. RUDOLPH
RYAN M. FAWCETT
JOHN R. MCDEVITT

515 SOUTH 6TH STREET
POST OFFICE BOX 700
BOISE, IDAHO 83701
TELEPHONE (208) 345-2663
TELECOPIER (208) 345-2668

_________, 2015

The Honorable Mayor and
Members of the City Council
City of Boise City, Idaho
Boise City Hall
150 N. Capitol Blvd.
Boise, Idaho 83702

RE: City of Boise City, Idaho, Airport Revenue Bonds, Subordinate Series 2015 (Aircraft Maintenance Facilities Project)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Boise City (the "City"), in the State of Idaho, of its Airport Revenue Bonds, Series 2015 (Aircraft Maintenance Facilities Project) (the "Bonds"). The Bonds are issued in accordance with Idaho law, and by virtue of Ordinance No. 27-15 (the "Bond Ordinance") approving a Trust Indenture dated as of August 1, 2015 (the "Indenture"), between the City and Zions First National Bank, as trustee (the "Trustee"). The Bonds are being issued to finance a portion of the costs of the acquisition of an aircraft maintenance facility. Capitalized terms shall have the meanings set forth in the Indenture unless otherwise defined herein.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement dated July 28, 2015, (the "Official Statement") or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

The conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such conclusions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the fifth paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Bond Ordinance, the Indenture, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the State of Idaho. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets.

We have examined originals or true copies of such certificates, records and opinions as we consider necessary to issue this opinion. We have relied upon the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation. We have also received, reviewed and relied upon the opinion of the City Attorney as to paragraphs 1, 2 and 3 below.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The City has been duly organized and is validly existing under the laws of the State of Idaho, and has full power and authority to enter into the Indenture and to cause the Bonds to be issued thereunder. Further, the City has full power and authority under the laws and Constitution of the State of Idaho to adopt the Bond Ordinance approving the Indenture and to carry out the transactions contemplated by the Indenture.

2. The issuance and sale of the Bonds have been duly and validly authorized by the City and the Bonds have been duly executed and delivered by the City. The Bonds are valid and binding limited obligations of the City in accordance with their terms.

3. The Indenture has been duly and lawfully executed and delivered by the City and is a valid, legal and binding obligation of the City enforceable against the City in accordance with its respective terms.

4. The interest on the Bonds received by the Registered Owners of the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding other federal income tax consequences caused by the accrual or receipt of interest represented by the Bonds.

5. Interest on the Bonds is excluded from gross income for purposes of taxation by the State of Idaho.

We call your attention to the fact that the Bonds are limited obligations of the City, payable only out of Subordinate Net Revenues and the funds and accounts held under the Indenture. The general fund revenues and the full faith and credit of the City are not pledged to the payment of the Bonds.

Very truly yours,

SKINNER FAWCETT LLP

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APPENDIX G

BOOK-ENTRY SYSTEM

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APPENDIX G

BOOK-ENTRY SYSTEM

The following information regarding DTC and DTC's book-entry system has been extracted from information provided by DTC.

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Subordinate Series 2015 Bonds, payments of principal of and interest on the Subordinate Series 2015 Bonds to DTC, its nominee, Direct Participants (each as hereinafter defined) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Subordinate Series 2015 Bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Subordinate Series 2015 Bonds. The Subordinate Series 2015 Bonds 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 Bond certificate will be issued for each maturity of the Subordinate Series 2015 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 New York Banking Law, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "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 is the holding company for DTC, the National Securities Clearing Corporation, and the Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. 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 and www.dtc.org.

Purchases of the Subordinate Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Subordinate Series 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "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 Subordinate Series 2015 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in the Subordinate Series 2015 Bonds, except in the event that use of the book-entry system for the Subordinate Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 the Subordinate Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Subordinate Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

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.

Redemption notices shall be sent to DTC. If less than all of the Subordinate Series 2015 Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Subordinate Series 2015 Bonds 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 Subordinate Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Subordinate Series 2015 Bonds 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 Subordinate Trustee on the 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 Direct or Indirect Participant and not of DTC (nor its nominee), the Subordinate Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Subordinate Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Subordinate Series 2015 Bonds at any time by giving reasonable notice to the City or the Subordinate Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

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

The information in this subsection 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.

Neither the City nor the Subordinate Trustee has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Subordinate Series 2015 Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Subordinate Indenture to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Subordinate Series 2015 Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Subordinate Series 2015 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Subordinate Series 2015 Bonds for all purposes under the Subordinate Indenture.

The City may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Subordinate Series 2015 Bonds without the consent of Beneficial Owners or Bondholders.

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APPENDIX H

SUMMARY OF SKYWEST LEASE AGREEMENT

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APPENDIX H

SUMMARY OF SKYWEST LEASE AGREEMENT

This Appendix H is a brief summary of the SkyWest Lease Agreement (as such term is defined in the front part of this Official Statement). Readers are cautioned that the City and SkyWest have NOT finalized the SkyWest Lease Agreement, nor entered into a binding final agreement as of the date of this Official Statement. The City anticipates that the parties will execute the final agreement by the end of August or in early September, following completion of construction of the Hangar Facility, release of retainage, delivery of a certificate of occupancy, and similar items, all of which are conditions to the City's acquisition of the Hangar Facility after its construction by SkyWest. This summary is intended to set forth the current terms of the agreement as discussed by the parties in order to provide information on the nature of SkyWest's obligations under the SkyWest Lease Agreement. The SkyWest Lease Agreement is not pledged as security for the Subordinate Series 2015 Bonds.

The following summary does not purport to be complete, and reference is made to the SkyWest Lease Agreement, a copy of which is on file with the City, for a complete statement of the rights, duties and obligations of the parties thereto. The headings herein are not part of the SkyWest Lease Agreement but have been added for ease of reference only.

Premises

The leased premises include an approximately 133,000 square foot hangar and associated improvements including aircraft parking ramps, a vehicle parking lot, storm water facilities, and fences and gates in Boise, Ada County, Idaho, as more particularly described in SkyWest Lease Agreement between the City of Boise City, Idaho (Department of Aviation) (the "City") and SkyWest Airlines ("SkyWest").

Term, Option to Terminate and Rentals

<u>Initial Term</u>

The SkyWest Lease Agreement is for a term of twenty-five (25) years, the effective date of which is anticipated to commence in connection with the closing of the Subordinate Series 2015 Bonds, unless such term is otherwise terminated in accordance with the terms and conditions of the SkyWest Lease Agreement.

<u>Purchase Option</u>

SkyWest constructed the leased premises, which the City purchased for the purchase price as described in "THE PROJECT" in the front part of this Official Statement.

Following the end of the twelfth (12^{th}) year of the lease term, SkyWest has the option of terminating the SkyWest Lease Agreement by giving 180 days' written notice to the City. If SkyWest exercises this option to terminate prior to the twenty-fifth (25^{th}) year of the lease term, SkyWest shall pay to the City the then unamortized portion of the total purchase price (amortized on a straight line basis over 25 years) as a lump sum payment, such payment to be made within 60 days of the notice of termination.

Renewal Term

SkyWest has the option to renew the SkyWest Lease Agreement at the end of the initial term for one additional seven (7) year period, upon the terms and conditions set forth in the SkyWest Lease Agreement.

Base Rent

Under the SkyWest Lease Agreement, annual rent is based on the actual purchase price paid by the City for the leased premises and the actual interest rate and costs of issuance of the Subordinate Series 2015 Bonds. Monthly rent is anticipated to commence the month following final execution of the SkyWest Lease Agreement.

Additional Rent

In addition to base rent payments, SkyWest has agreed to pay all other costs and expenses related to the leased premises as additional rent, which shall include all amounts owed by SkyWest to the City or any other person or entity whatsoever such as insurance costs, utility costs, taxes, assessments, operations, maintenance and repair costs pursuant to the leased premises, the improvements or the SkyWest Lease Agreement. Hence, SkyWest shall be responsible for all costs or expenses in connection with the lease premises and improvements, including without limitation any repair or maintenance costs, insurance, taxes and assessments or water, electrical, gas, sewer, or other utility charges or levies of any kind or nature whatsoever, and operation, repair, upkeep of the Maintenance Facility, improvements, land and /or appurtenances thereto.

Late Charge

Rental payments are due and payable on or before the first day of each calendar month in advance. Any rental payments not paid on or before the tenth day following the date due may bear interest at eighteen percent (18%) *per annum*.

Obligations of SkyWest under the SkyWest Lease Agreement

SkyWest is obligated to, among other things, operate, maintain, repair and replace the leased premises, including the Maintenance Facility, improvements and land located thereon; pay all taxes, ad valorem taxes and similar taxes assessed against its leasehold interest in the leased premises and improvements, and all of its personal property located thereon; pay all casualty and liability insurance premiums required under the SkyWest Lease Agreement; and pay the cost of all utilities furnished to the leased premises.

Permitted Uses of Leased Premises

SkyWest shall use the leased premises only for conducting common carrier aircraft maintenance without the City's prior written approval. Operation of the leased premises shall comply with all applicable Federal, State and local laws, codes, rules and regulations.

Insurance, Indemnification and Casualty

Insurance

SkyWest shall maintain in force during the lease term (i) commercial general liability, bodily injury and property damage insurance in comprehensive form including but not limited to blanket contractual liability coverage for liability assumed under the SkyWest Lease Agreement and all contracts relative thereto, products, completed operations liability for the lease term, independent contractors coverage, personal injury, airport liability, and broad form property damage with any excess liability in umbrella form, with such coverage and limits as reasonably may be required by Lessor from time to time, but in no event for less than the sum of Ten Million Dollars ($10,000,000) combined single limit, and (ii) insurance covering loss or damage to SkyWest's own property, inventory, trade fixtures and furniture, and personal property of others, providing protection against all perils included in a "causes of loss - special form policy" in the amount of their full replacement cost (*i.e.,* the cost to replace without deduction for depreciation). The City Lessor shall not in any way be responsible for any of SkyWest's property, inventory, trade fixtures and furniture, or personal property of others within SkyWest's care, custody or control.

Indemnification

To the extent not prohibited by law, the City shall not be liable for any damage, injury or death, either to person or property (including the loss of use thereof), of any nature whatsoever, sustained by SkyWest, persons claiming through SkyWest or any other third party; provided that the foregoing shall not apply to the extent that any damage, injury, or death is caused by the negligence, recklessness, or intentional misconduct of the City

SkyWest shall indemnify and hold harmless the City from all liabilities, losses, suits, claims, judgments, fines, losses, costs, expenses or demands, of any nature whatsoever (including court costs, expert fees and attorneys' fees), incurred in connection with SkyWest's use or occupancy of the leased premises, or as a result of any acts, omissions or negligence of SkyWest with respect to the leased premises; provided that such indemnification obligation shall not apply to the extent that the damages, liabilities, losses, costs, claims, etc., result from the negligence, recklessness, or intentional misconduct of the City. SkyWest's agreement to indemnify the City is not intended to, and shall not, relieve any insurance carrier of its obligations under policies required to be carried by SkyWest.

SkyWest has also agreed to indemnify and hold harmless the City from liability, damage, expense, causes of action, suits, claims or judgments, including without limitation attorneys' fees and costs, resulting from the presence, removal or disposal of any hazardous substance or solid waste from the leased premises.

Damage and/or Destruction of Premises

If the leased premises are destroyed or damaged, the City shall determine whether to repair and/or rebuild the leased premises. If not, the City shall terminate the SkyWest Lease Agreement effective as of the date of such occurrence. If the City elects to repair and/or rebuild, the SkyWest Lease Agreement shall continue in full force and effect, and SkyWest shall continue the operation of its business on the leased premises to the extent reasonably practicable from the standpoint of prudent business management. Rent for the period during which such damage, repair or restoration continues (or during the period when SkyWest cannot conduct its business in the leased premises, whichever is longer) shall be abated in proportion to the degree to which the leased premises are rendered not leasable. Provided that rent is abated, SkyWest waives any claims against the City for any damages suffered by SkyWest by reason of any such damage, destruction, repair or restoration.

Default and Remedies

Events of default under the SkyWest Lease Agreement include (a) failure to make any payment within twenty (20) days after the due date, (b) hold over tenancy beyond the term permitted, (c) the making by SkyWest of any general assignment for the benefit of creditors, (d) abandonment by SkyWest of the leased premises, (e) default in the performance of any of the covenants and conditions following thirty (30) days after notice to cure such default, (f) adjudgement as a bankrupt in involuntary bankruptcy proceedings, or (g) certain receivership proceedings, where a receiver is appointed for the property or affairs of SkyWest.

In the event of a default under the SkyWest Lease Agreement, the City may (a) terminate the SkyWest Lease Agreement, (b) sue for specific performance by SkyWest of its obligations, (c) collect from SkyWest the expenses, costs, fees and damages reasonably incurred by the City as a result of SkyWest's breach, including, but not limited to, reasonable costs of reletting and attorneys' fees, (d) accelerate the rent due for the balance of the lease term and to collect the then unamortized portion of the total purchase price from SkyWest, and/or (e) repossess the leased premises and expel Lessee and all personal property of Lessee, and relet the leased premises or any part thereof upon such terms and conditions as it may determine.

In the event of a SkyWest breach of any covenant or condition, the City may cure such breach at SkyWest's expense and the reasonable amount of all expenses, including reasonable attorneys' fees, incurred by the City in doing so shall be considered rent under the SkyWest Lease Agreement. If the City relets the leased premises, it may hold SkyWest responsible for a deficiency in the rent.

Assignment, Transfer and Subletting

SkyWest does not have the right to assign or transfer the SkyWest Lease Agreement or any interest in the leased premises without the consent of the City, which approval may be withheld at its sole discretion. Any person or entity to which the SkyWest Lease Agreement is assigned pursuant to the Bankruptcy Code shall be deemed to have assumed all the obligations arising under the SkyWest Lease Agreement from the date of such assignment.

SkyWest may not sublease any part of the leased premises without the City's consent.

Ground Lease

Under a ground lease dated as of September 30, 2014, between the City and the Airport, the City has ground leased the land constituting the Leased Premises to SkyWest for an initial term of between twelve and twenty-five years, in addition to the period between the commencement date and the execution of the above - described facilities lease and the City's acquisition of the facility improvements. At the expiration of the twelfth full lease year after execution of the facility lease and the City's acquisition of the facility improvements, SkyWest has the right to terminate the ground lease. The ground lease has a renewal term of seven additional years.

Under the ground lease, SkyWest pays an annual ground rent of \$110,500. If the term of the ground lease is extended for the seven year option term, the annual ground rental rate adjusts for 8% of the appraised fair market value of the Leased Premises.