

IDAPA 32 – ENDOWMENT FUND INVESTMENT BOARD

32.01.01 – Rules Governing the Credit Enhancement Program for School Districts

Who does this rule apply to?

This rule applied to Idaho school districts that are issuing bonds to finance the construction or remodeling of public schools.

What is the purpose of this rule?

The Credit Enhancement Program for School District Bonds allows eligible voter-approved school bonds to be issued with AAA credit ratings, which is above the State of Idaho's AA+ rating. This credit enhancement is achieved by a pledge that the Public School Endowment Fund, which is administered by the Endowment Fund Investment Board, will purchase up to \$300 million in notes of the State of Idaho if needed to avoid default on school district bonds. The enhanced credit rating reduces borrowing costs for Idaho school districts. This rule indicates that the Endowment Fund Investment Board will charge school districts an application fee of \$500 and a one-time bond guarantee fee equal to two one hundredths of one percent (0.02% or two basis points) of the Total Debt Service

What is the legal authority for the agency to promulgate this rule?

This rule implements the following statutes passed by the Idaho Legislature:

Public Funds in General -

Investment of Permanent Endowment and Earnings Reserve Funds:

- [Section 57-728, Idaho Code](#) – Credit Enhancement Program for Public School District Bonds
- See also [2010 Idaho Attorney General Opinion 01](#), which concludes the Endowment Fund Investment Board must charge fees to offset the costs of the program.

Who do I contact for more information on this rule?

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32.01.01 – RULES GOVERNING THE CREDIT ENHANCEMENT PROGRAM FOR SCHOOL DISTRICTS

000. LEGAL AUTHORITY.

Section 57-728(2), Idaho Code.

(7-1-24)

001. SCOPE.

These rules contain the provisions for implementation of the Credit Enhancement Program pursuant to Section 57-728, Idaho Code.

(7-1-24)

002. -- 009. (RESERVED)

010. DEFINITIONS AND REFERENCES.

01. EFIB. Endowment Fund Investment Board.

(7-1-24)

02. Endowments. The trusts granted to the state of Idaho by the Idaho Admission Bill, 26 Statutory Laws 215, chapter 656 as amended. The Endowments include the Public School Endowment established by Idaho Admission Bill sections 4 and 13.

(7-1-24)

03. Guaranty Program. The Idaho School Bond Guaranty Program established in Title 33, Chapter 53, Idaho Code.

(7-1-24)

04. School District. As defined in Section 33-5302, Idaho Code.

(7-1-24)

05. Total Debt Service. The total amount to be repaid to bond purchasers over the stated maturity of the School District bond (principal plus interest).

(7-1-24)

011. -- 019. (RESERVED)

020. APPLICATION.

01. Required Materials. School Districts must submit the following application materials to the EFIB:

(7-1-24)

a. Correspondence from the Idaho State Treasurer certifying that the School District has been approved to participate in the Guaranty Program and setting forth the maximum credit enhancement amount available to the School District.

(7-1-24)

b. A fully completed application form as prescribed by the EFIB from time to time executed by a party authorized to bind the School District.

(7-1-24)

c. Copies of the complete audited financial statements of the School District prepared pursuant to Section 33-701, Idaho Code, for the preceding three (3) fiscal years and the adopted budget for the current fiscal year.

(7-1-24)

d. Upon request of the EFIB, documentation substantiating the information set forth in materials submitted pursuant to Subsection 020.01 of these rules.

(7-1-24)

e. Application fee of five hundred dollars (\$500).

(7-1-24)

021. -- 029. (RESERVED)

030. ADMINISTRATIVE FEES.

01. Fees to Administer Program. Pursuant to Section 57-728(2), Idaho Code, EFIB may impose, when necessary, the following administrative fees to effectively administer the Credit Enhancement Program:

(7-1-24)

a. Application Fee. The fee required under Subsection 020.01.e. to pay the costs of reviewing applications. Any unexpended Application Fees will be deposited in the Public School Endowment at the end of each fiscal year.

(7-1-24)

b. Guarantee Fee. School Districts must remit to the EFIB a one-time fee, necessary to guarantee a school bond, equal to two one-hundredths of one percent (0.02% or two basis points) of the Total Debt Service. School Districts must remit the Guarantee Fee to the EFIB within five (5) days of the sale of bonds guaranteed by the Credit Enhancement Program. The EFIB will deposit the Guarantee Fee in the Public School Endowment. The cost includes the difference in the investment return to the Public School Endowment projected by the EFIB to arise from the guarantee and additional costs to the Endowments arising from investment of the Public School Endowment in the Credit Enhancement Program. (7-1-24)

c. Pass-through Fee. The EFIB may incur a Pass-through Fee, which consists of costs billed to EFIB for any necessary professional services, related to the review of an application in its discretion and without prior approval of the School District. The EFIB will not invoice a School District for the full amount of Pass-through Fees related to the review of an application without the prior written approval of the School District. School Districts shall remit each invoiced Pass-through Fee to the EFIB within thirty (30) days of invoice. EFIB may deny an application for failure to pay any invoiced fee. (7-1-24)

031. -- 039. (REERVED)

040. APPROVAL AND DENIAL OF APPLICATIONS.

01. **Review Periods.** The EFIB will provide written approval or denial of a completed application within twenty (20) days. If the Board requests substantiating documentation, the EFIB will provide written approval or denial of the application within twenty (20) days of the submission of the substantiating documentation. (7-1-24)

041. -- 999. (REERVED)