



Outlook on Funding Capital Projects with Municipal Bonds

Michael Keith

Vice President | **Zions Bank Public Finance**



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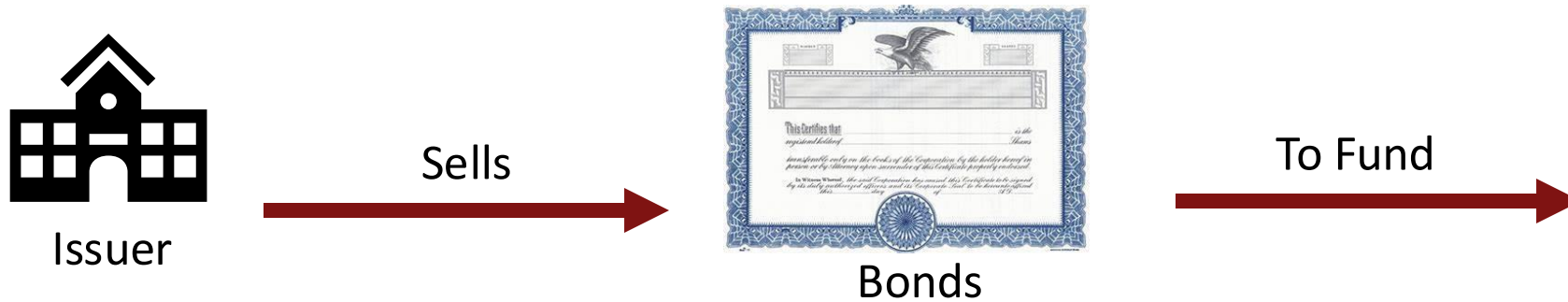


Understanding Municipal Bonds

Financing Capital Projects With Bonds



Bonds – Long term “IOUs” that governments sell to borrow money for a capital project



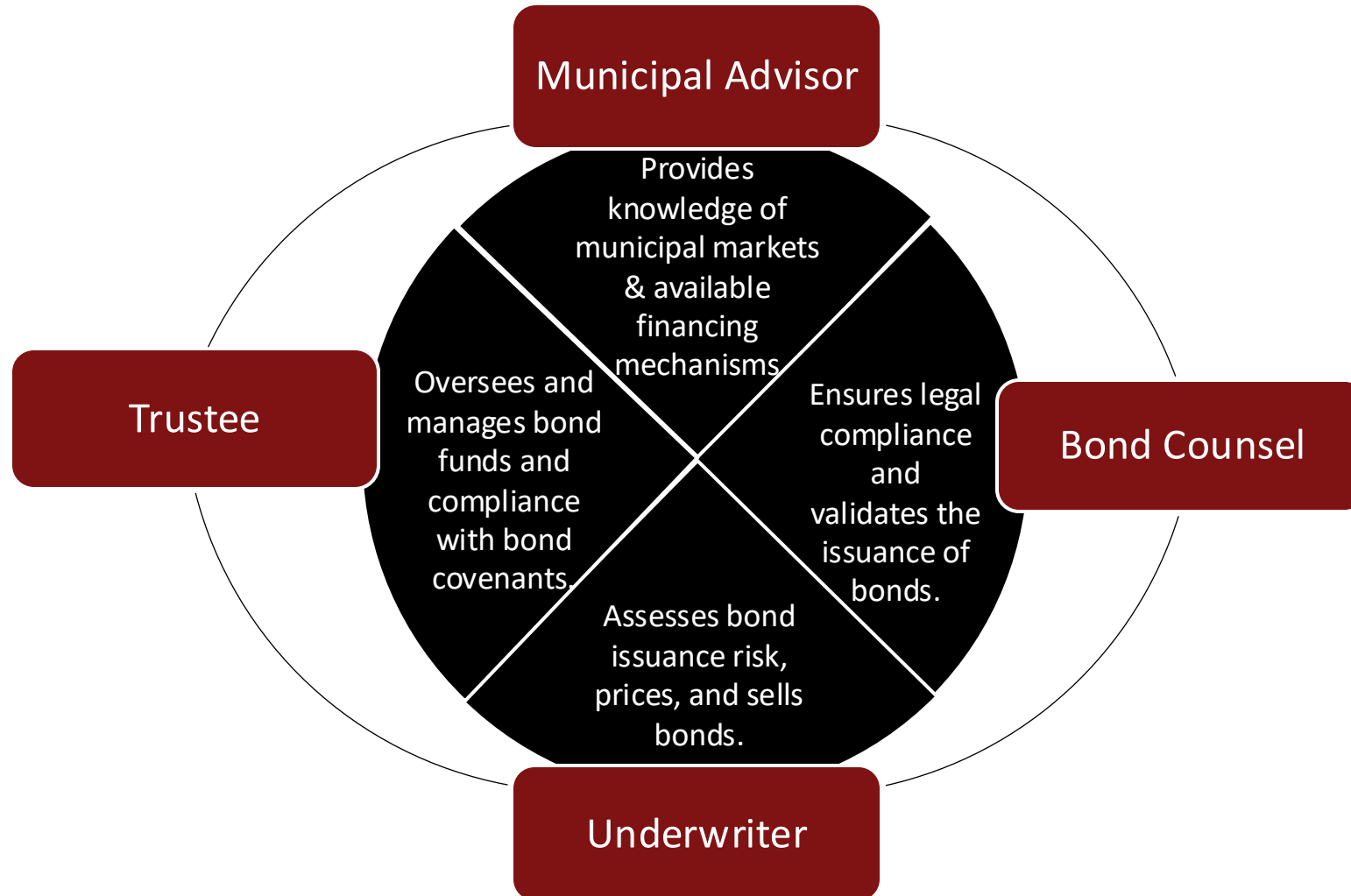
Types – General obligation bonds, revenue bonds, special tax revenue bonds



What Determines Bond Rates?









Key Team Members and Their Roles









Bond Types



General Obligation Bonds	
 Max Term	30 Years
 Vote	66 2/3% supermajority
 Purpose	Any Capital Projects
 Security	Unlimited tax levy, full faith and credit
 Payment Source	Dedicated property Tax Levy
 Capacity	Limited to qualified purposes

Bond Types

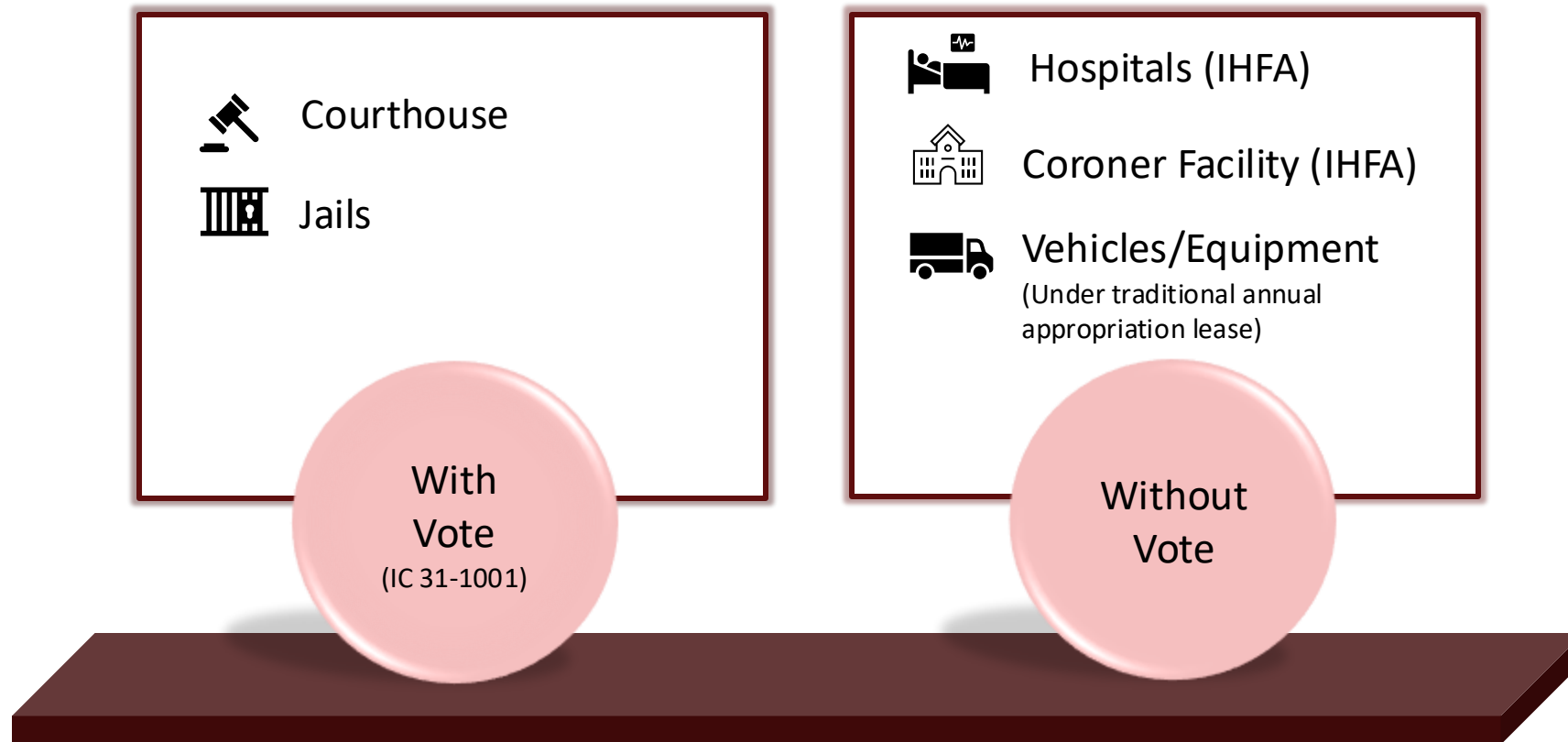


Appropriation Lease	
 Max Term	30 Years
 Vote	Simple Majority
 Purpose	Courthouse or Jail
 Security	Lease Payments (if appropriated); leasehold interest
 Payment Source	Unrestricted County Revenues
 Capacity	Market dictates – no legal cap

Bond Types



What Qualifies for County Lease Financing Beyond 5-Year Term



2025-2026 Election Dates



2025



November 4

Ballot Question Submission Deadline to
County **August 29**

2026



May 19

Ballot Question Submission Deadline to
County **March 13**



November 3

Ballot Question Submission Deadline to
County **August 28**

Notes:

1. Election dates property tax levy questions are the 3rd Tuesday in May and the Tuesday after the 1st Monday in November.
2. May and November elections require submission on the 10th Friday prior to the election date (Changed 2025 legislative session).



Market Trends & Outlook

Current Landscape

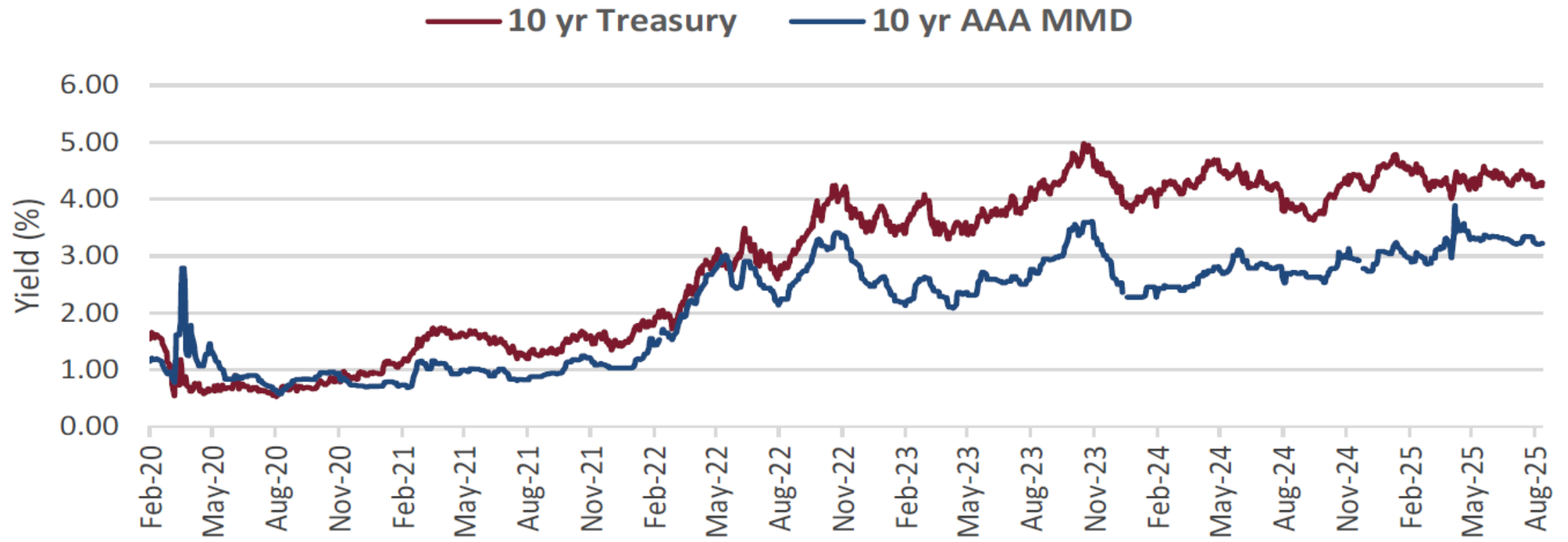


- **Economic Conditions**
- **Growing Infrastructure Needs**
- **Voter/Population Sentiment**
- **Decreased Federal Spending**

Economic Conditions



10 Year Treasury and AAA MMD

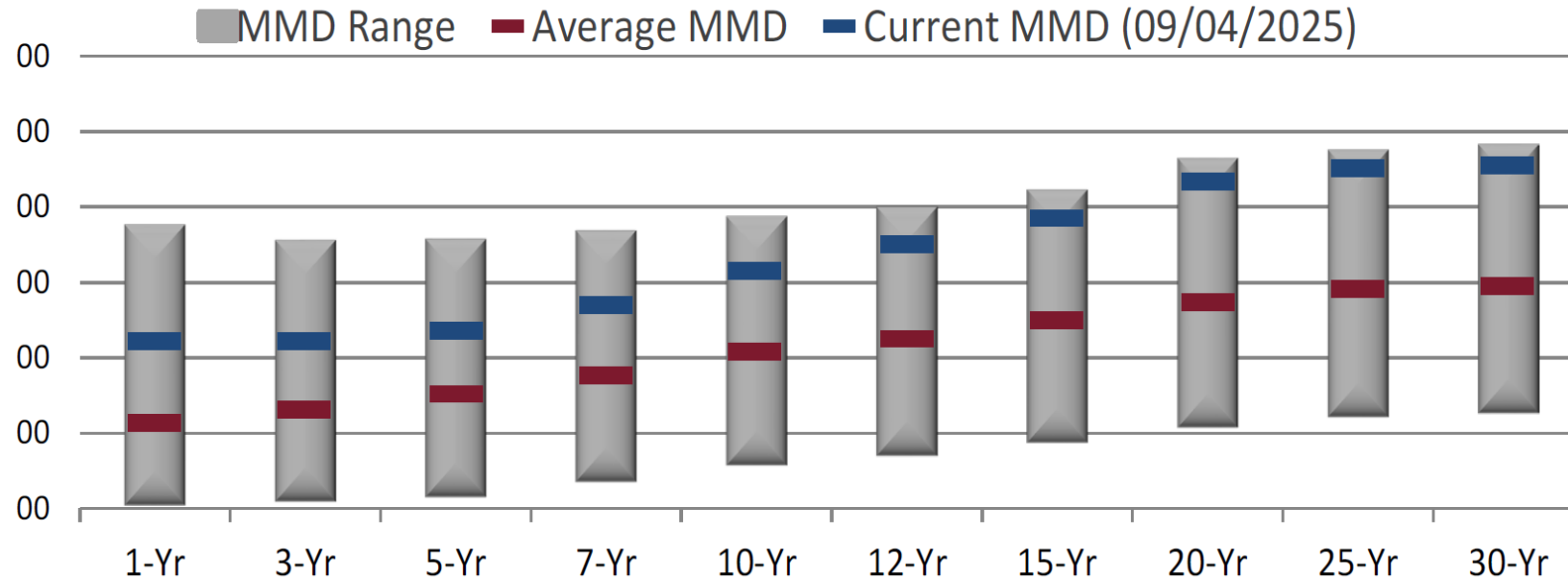


Economic Conditions



Daily AAA MMD Interest Rates

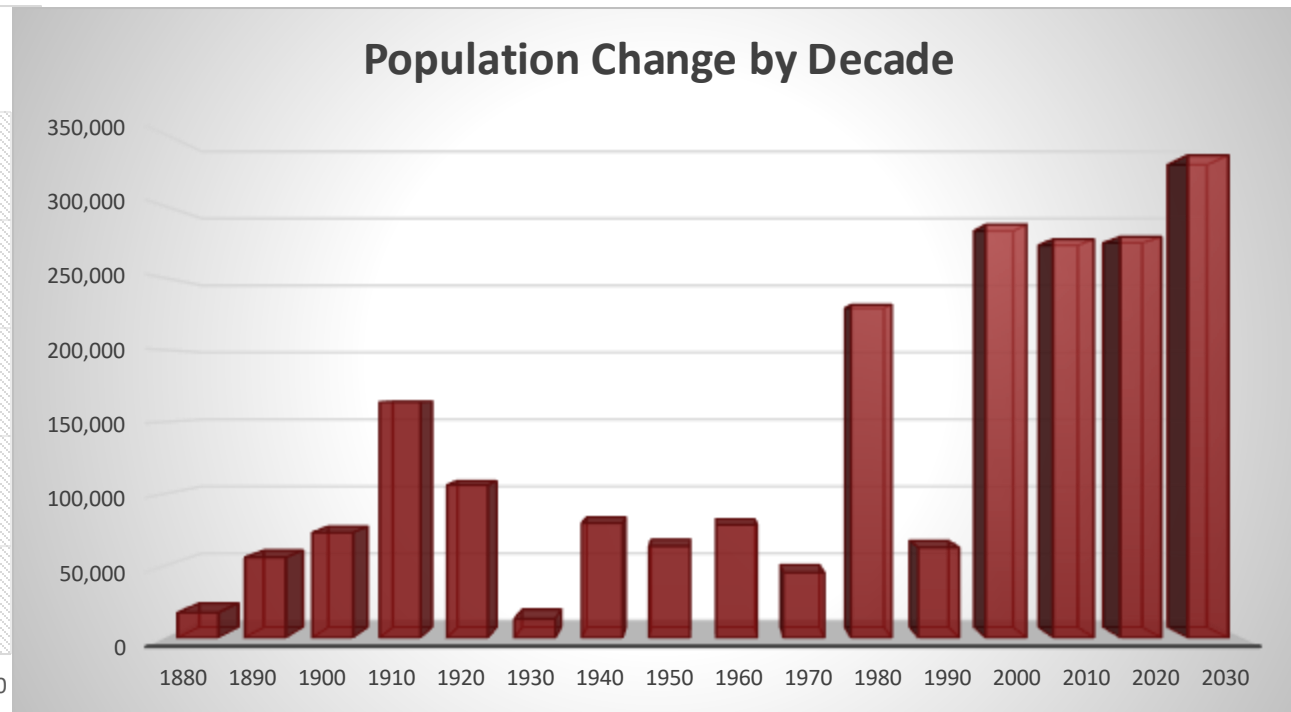
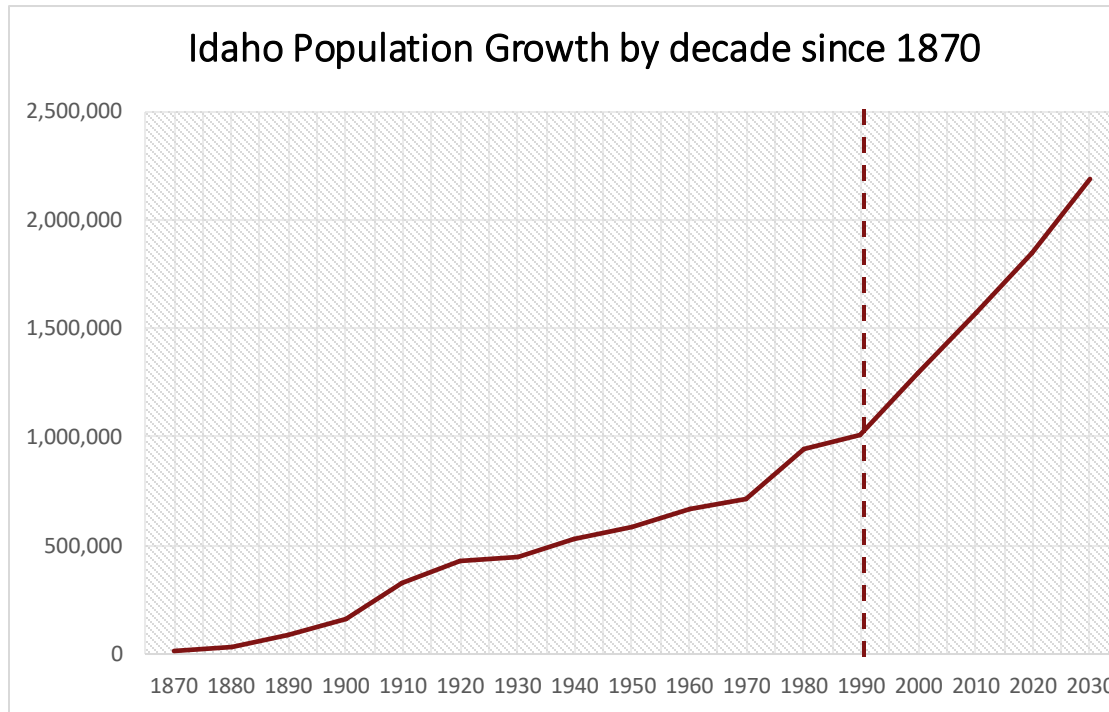
(2012 - Present)



Federal Reserve Policy

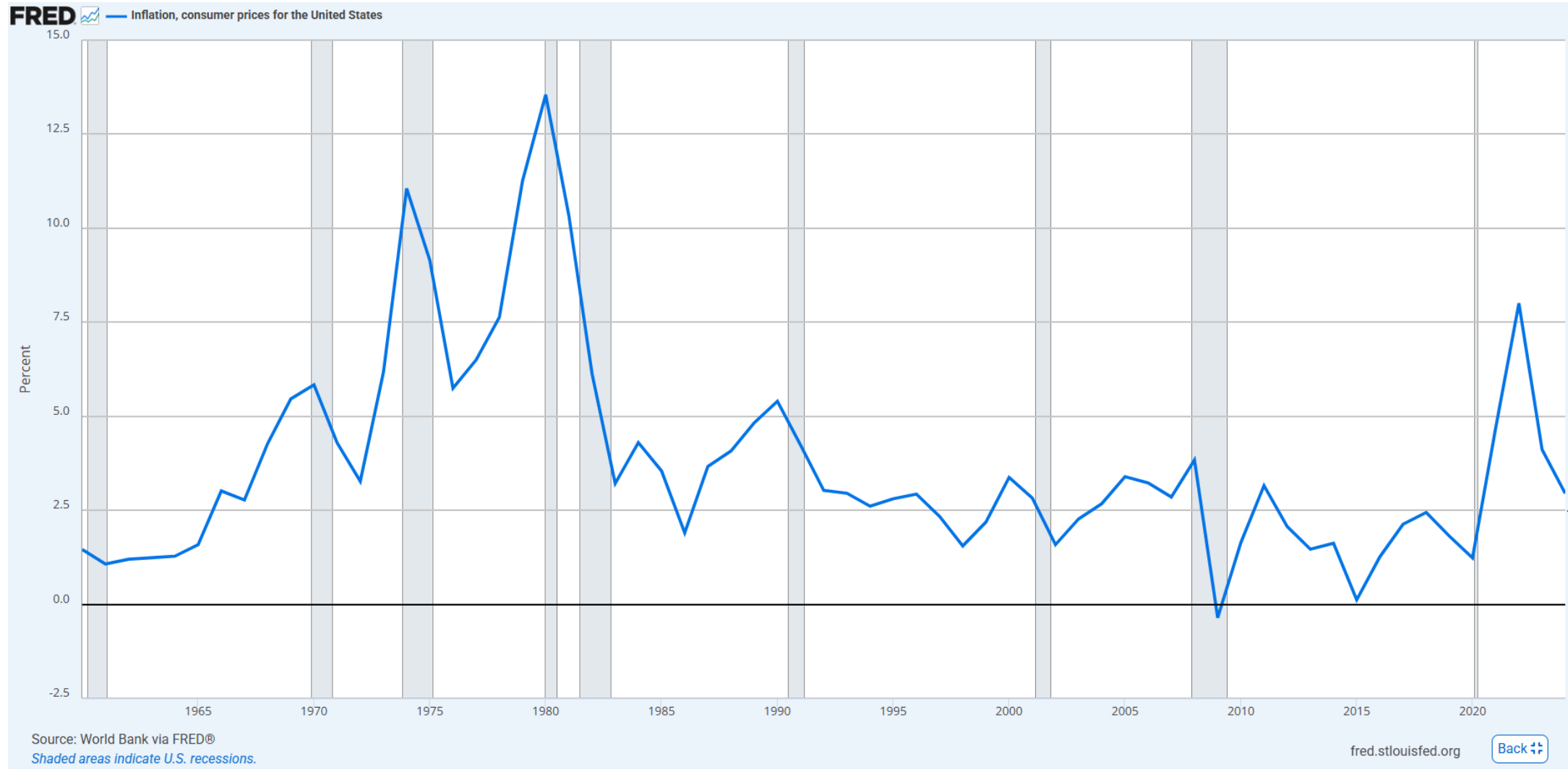
- The Fed is likely to cut interest rates at its next meeting on September 16–17, 2025, due to rising economic risks and slowing inflation“
- Fed Chair Jerome Powell recently signaled a shift in tone, saying the economic outlook may require a change in policy stance

Idaho Population Trends



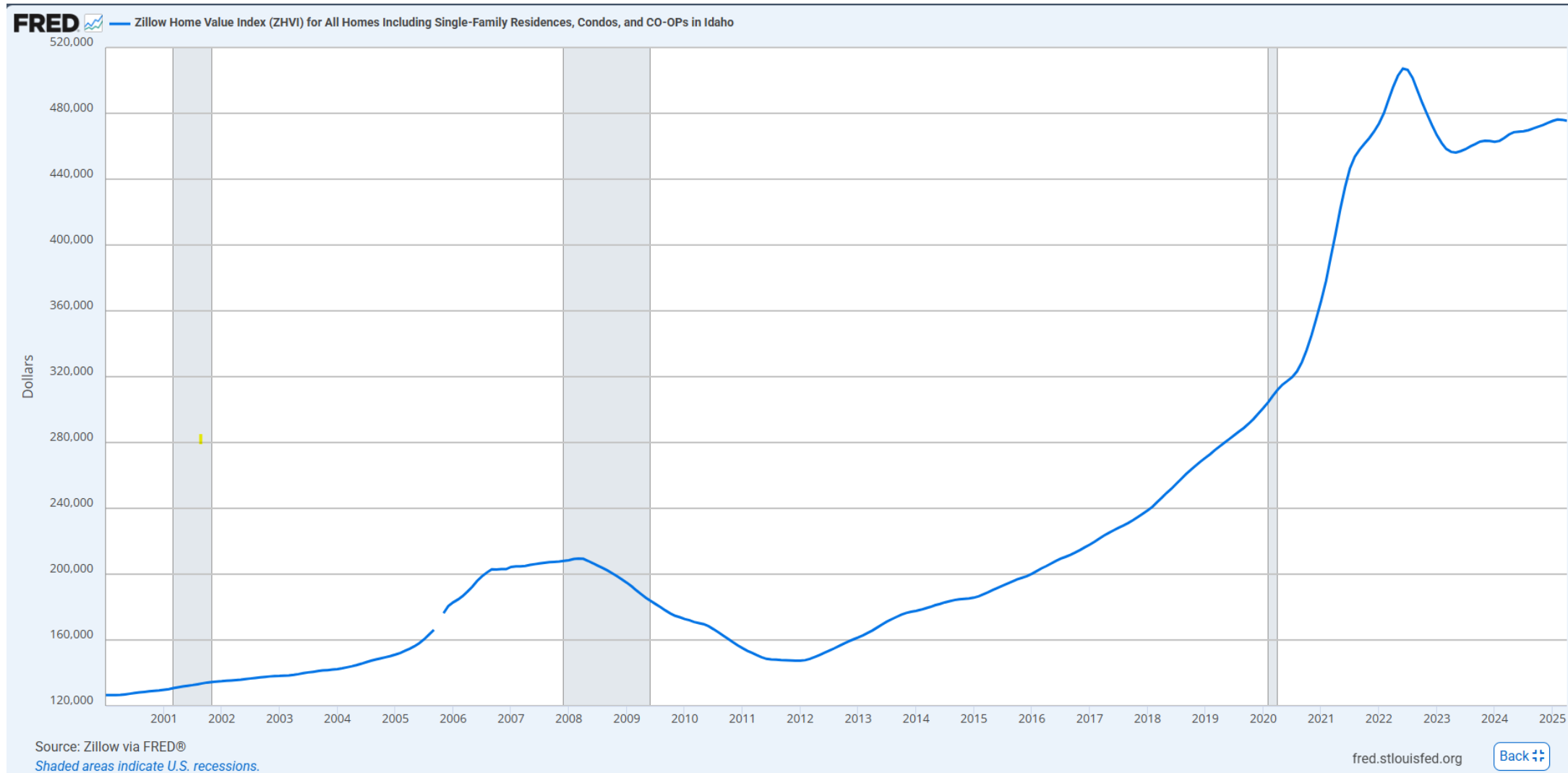
Source: <https://www.neilsberg.com/insights/idaho-population-by-year/>

US Inflation (1960-2024)

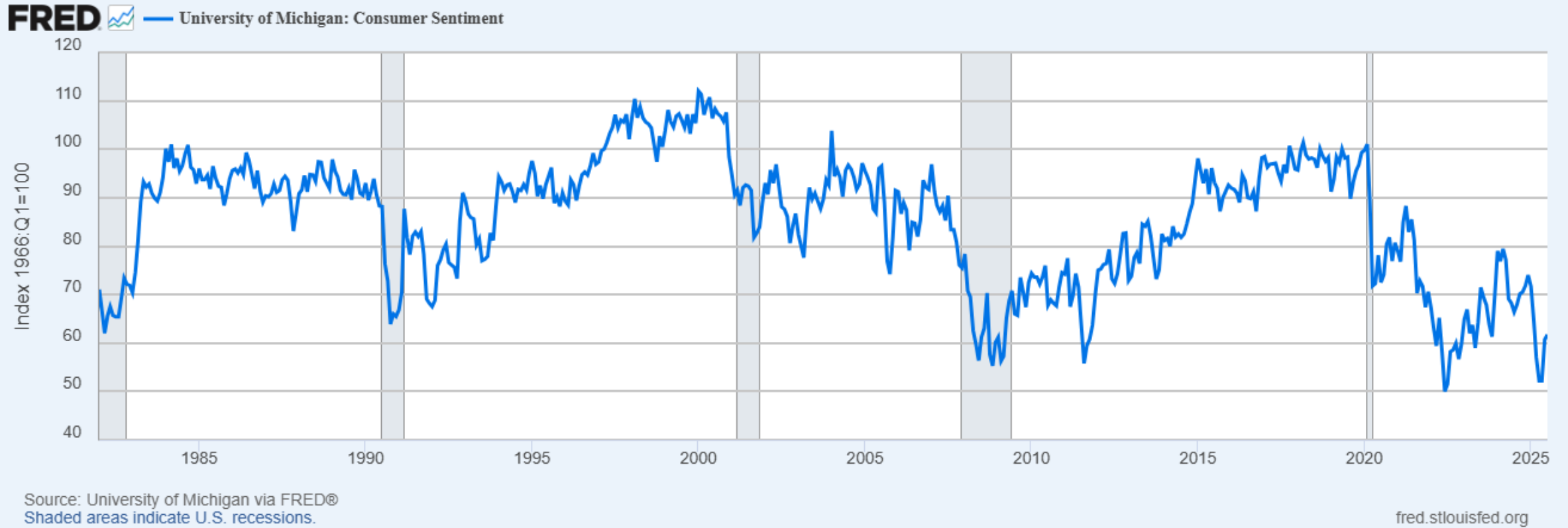


Fed
Target
of
2.5%

Idaho Housing Costs (2000-2025)



Consumer Sentiment (1980-2025)



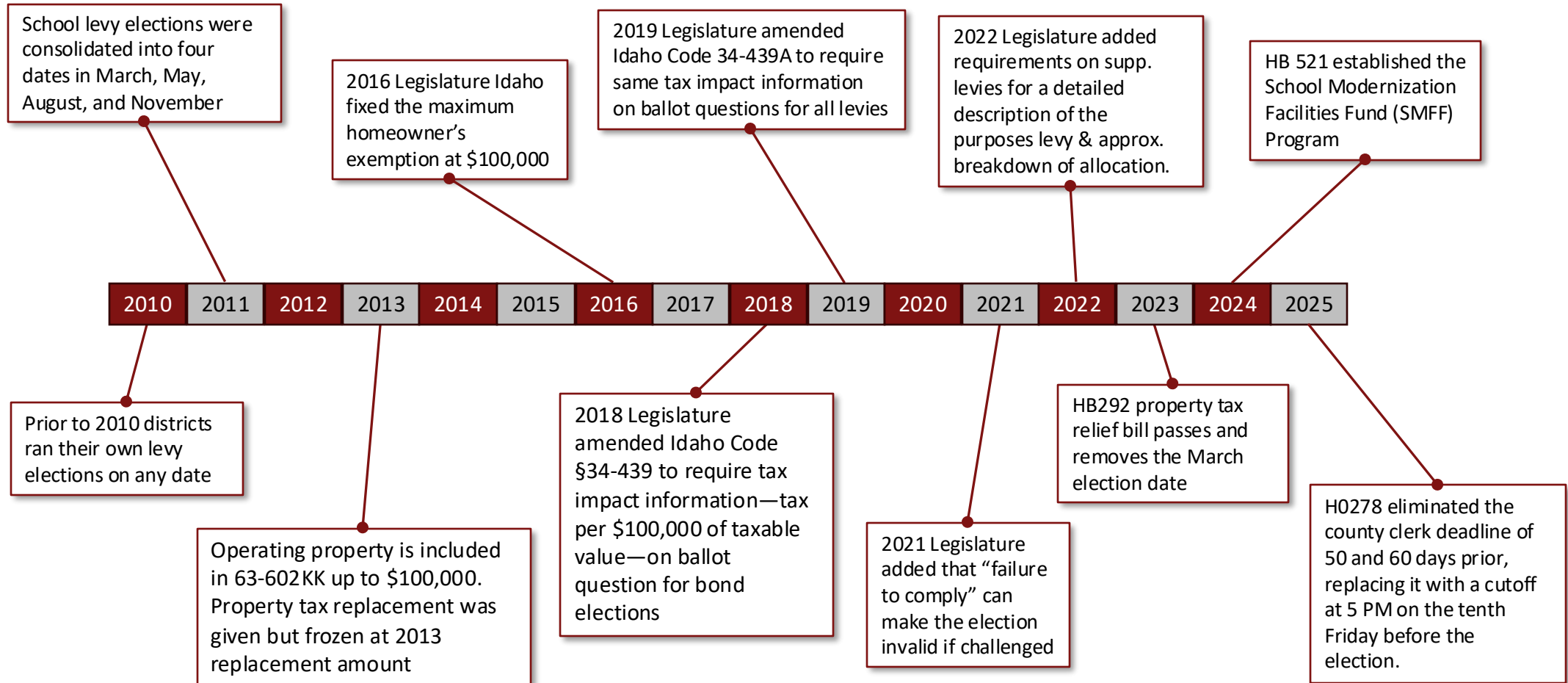
How to Interpret:

Above 90: Strong consumer confidence **70–90:** Moderate confidence **Below 70:** Pessimism or economic concern



Policy & Regulatory Landscape

History of Levy Election Legislation



Tax Reforms of HB389 (2021 Legislature)



Budget Caps (Section 63-802):

- 3% annual limit on property tax increases
- New construction/annexation capped at 90% inclusion
- Total budget growth capped at 8%

Forgone revenue limits:

- 1% annually for operations
- 3% annually for capital projects
 - Only 80% of increment value from terminated or modified RAA plans added to new construction roll

Personal Property Tax:

- Exemption raised: \$100K → \$250K
- Transient personal property fully exempted (since 2022)

Homeowner's Exemption:

- Increased to \$125K or 50% of home value, whichever is less

Federal Grants/Infrastructure Spending



Program Changes

- Hundreds of grants frozen or restructured by DOGE
- Increased uncertainty across federal funding streams

Active Funds

- 1.21T in active grants
- \$740B in federal contracts

Agency Impacts

- EPA, DOT facing staffing cuts
- Slower project reviews and fewer new awards

Funding Model Shift

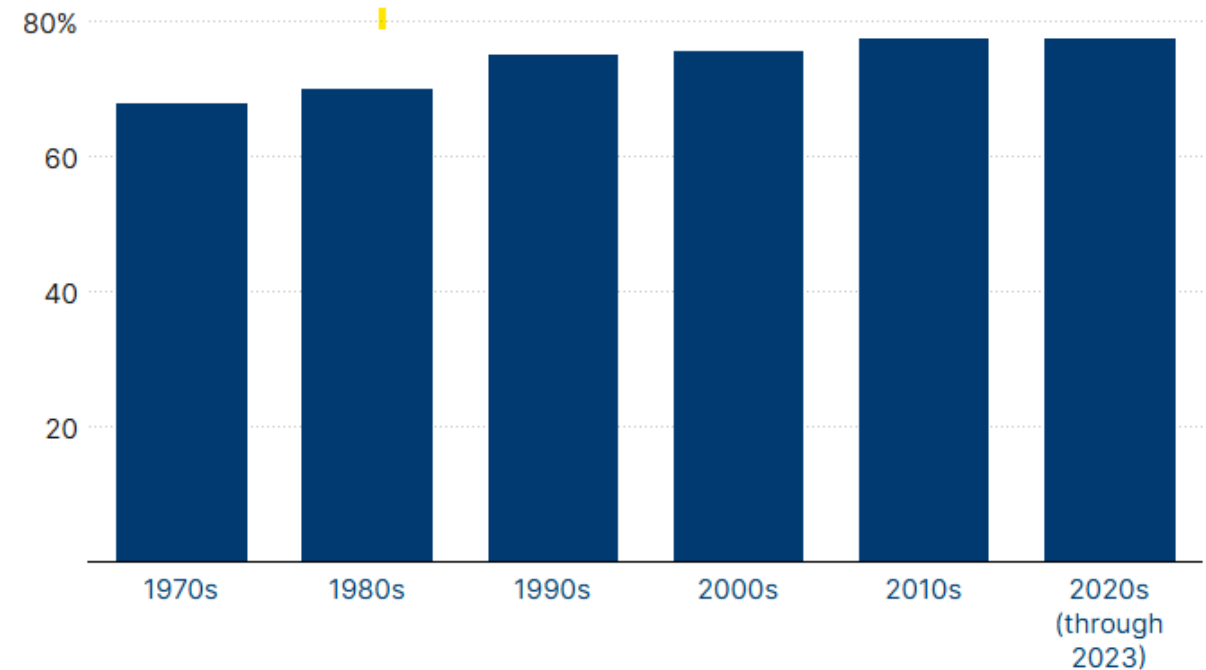
- From formula-based -> competitive grants
- Strategic applications and partnership now critical

Source:

<https://www.grantexec.com/blog/federal-market-outlook-report>

<https://www.brookings.edu/articles/four-recent-trends-in-us-public-infrastructure-spending/>

State and local share of total US public infrastructure spending
1970s to 2023



Source: Brookings analysis of Congressional Budget Office data

B | Brookings Metro

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ZION'S FIRST NATIONAL

Strategic Capital Investment of Idaho City Funds

September 16, 2025

Speaker Summary



Scott Kellner, CFA[®], CAIA[®]

Vice President, Portfolio Manager


(801) 844-7086

scott.kellner@zionsbancorp.com

Scott is a Vice President and Portfolio Manager for Zions Wealth & Institutional Asset Management at Zions Bancorporation. He is responsible for all aspects of investment management including portfolio construction, due diligence, asset allocation, investment analysis, client relationship management, and investment communications. With nearly 15 years of experience, he has a proven track record of delivering results as both a leader and team member in technology implementation, capital markets, and portfolio management. Scott is also a voting member on the Zions Wealth Investment Committee and a member of the Utah State Money Management Council.

Before joining the firm, he worked in wealth management at Morgan Stanley and Albion Financial Group. Scott is a Chartered Financial Analyst (CFA) and a Chartered Alternative Investment Analyst (CAIA). He earned a Bachelor of Science in Finance and Economics and his Master's in Business Administration (MBA) both from Westminster University.

Agenda

- 
- I. Legal Framework for Public Investments
 - II. Building a Strong Investment Policy
 - III. Portfolio Strategy and Liquidity Planning
 - IV. Role of Professional Management

Key Statutes to be Aware of

Idaho Code § 50-1013 (Title 50, Chapter 10)

Idaho Code §50-1013 governs the deposit and investment of municipal funds. It authorizes municipalities to invest surplus or idle funds in investments permitted under Idaho law, with a focus on safety and liquidity. §50-1013 also specifies permissible investments for municipal corporations.

Idaho Code Title 67, Chapter 12

Title 67 Chapter 12 covers the State Treasurer's authority and broader rules for managing public funds. This statute establishes standards for investment of idle moneys across state and local entities.

Idaho Code §§ 67-1210 through 67-1226

Title 67 Chapter 12 Sections 10-26 outline the State Treasurer's authority and the rules for the **Local Government Investment Pool (LGIP)**. In addition, these sections detail permissible investment types, collateralization requirements, and oversight mechanisms.

Permitted Investments Under Idaho Code §50-1013 (Municipalities)

Allowable Investments	Notes
U.S. Government Obligations	Treasury bills, notes, and bonds backed by full faith and credit of the U.S.
Federal Agency Securities	Instruments from FHLB, FNMA, FFCB, SBA, etc.
Idaho State & Local Municipal Bonds	General obligation and revenue bonds issued by Idaho counties, cities, school districts, etc.
Public Corporations of Idaho	Bonds/notes from Idaho Housing & Finance, Water Resource Board, State Building Authority (≤ 7-day maturity)
Bank Deposits & Savings Accounts	Time deposits, savings, deposit accounts in qualified Idaho institutions; FDIC insured
Short-Term Instruments	Repurchase agreements, reverse repos (for liquidity only), tax/revenue anticipation notes
Corporate Bonds (Rated A or Higher)	Bonds, debentures, or notes from U.S. corporations with an A rating or better; no maturity limit specified
Pooled & Managed Funds	Money market/mutual funds investing only in permitted securities; LGIP participation allowed
Not Specifically Permitted	Notes
Out-of-State Municipal Bonds	Bonds issued by municipalities outside Idaho are not authorized
Unrated or Speculative Corporate Debt	Corporate bonds below A rating or speculative-grade debt are excluded
Non-Compliant Mutual Funds	Funds must invest only in securities permitted under §50-1013
Equities & Derivatives	Common stock, options, futures, and other speculative instruments are not allowed

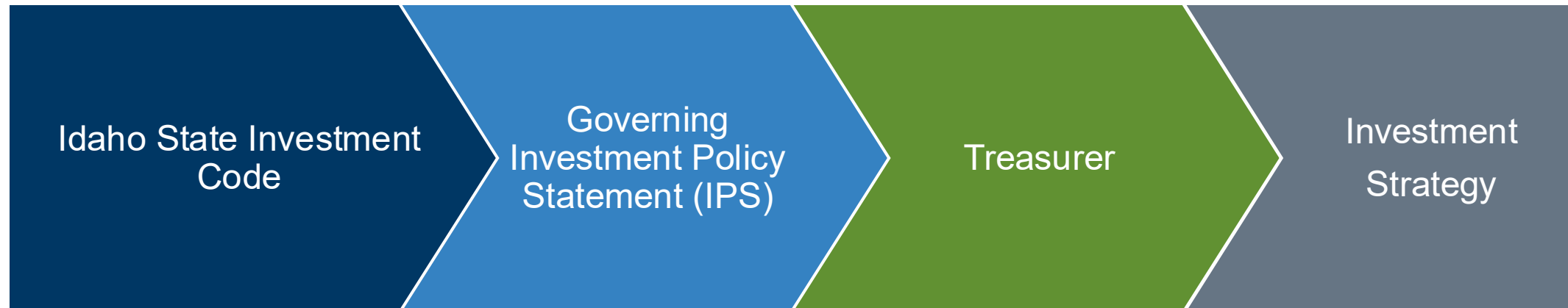
Statutory Framework

LGIP and §67-1210
(state-level) vs. §50-1013
(municipal-level)

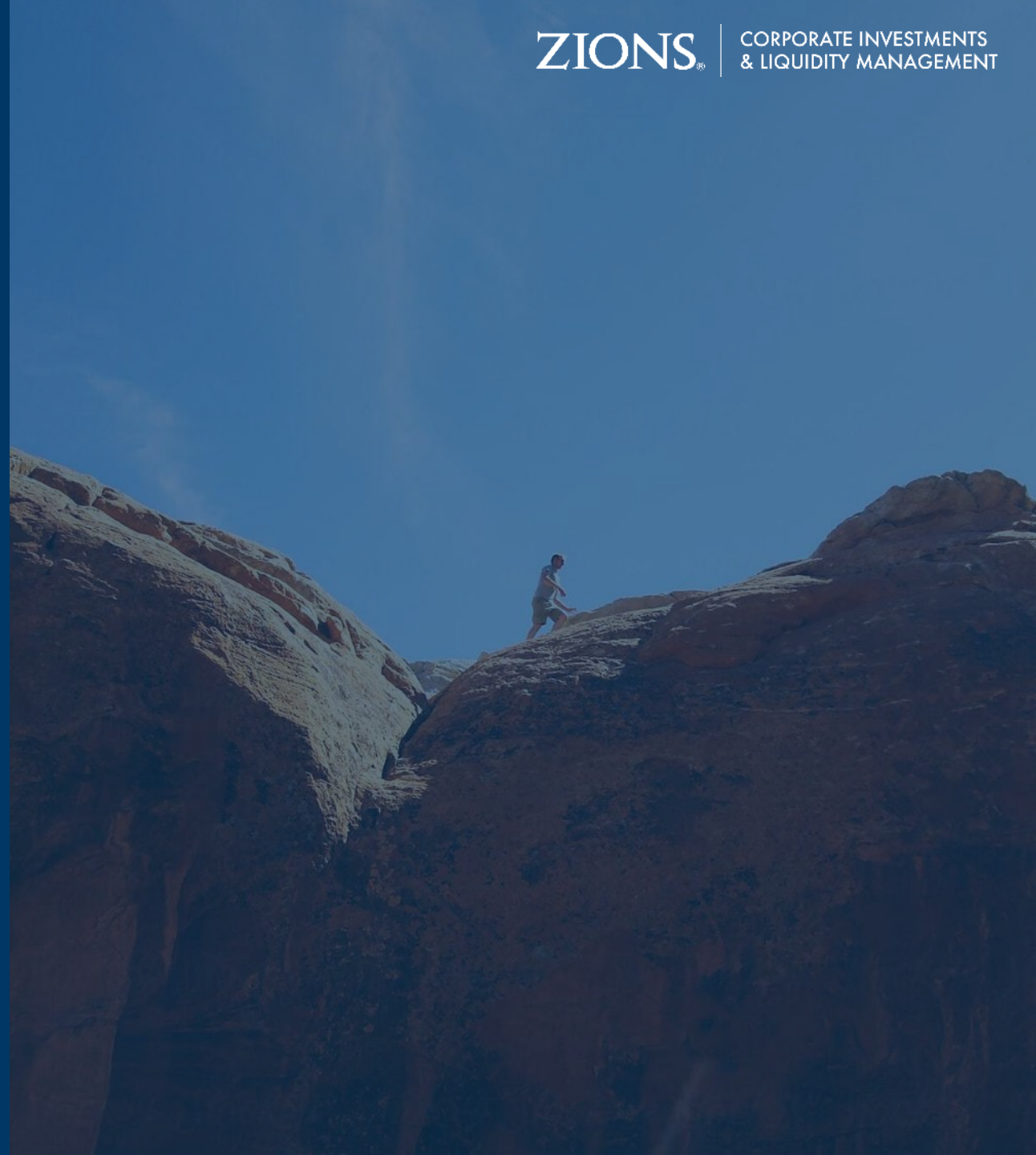
Translates statutory
guidelines into a tailored
investment framework

Responsible for executing
investments in
accordance with the IPS

Resulting investment
strategy



Building a Strong Investment Policy Statement



Building a Strong Investment Policy

What is our return objective and our risk tolerance?

Goals and Objectives

How much/how should we invest?

Strategy Development
Cash Flow Analysis & Investment Policy

How should we implement our strategy?

Strategy Execution

How do we communicate results?

Communication, Reporting &
Benchmarks

Makings of a Strong IPS

A good IPS should include:

- ☐ Objectives of the investment portfolio
- ☐ Identification of funds governed by the policy
- ☐ Delegation of investment authority
- ☐ Ethical and legal standards
- ☐ Safekeeping and custody
- ☐ Internal controls
- ☐ Authorized investments
- ☐ Other investment restrictions

Best Practices

- An investment policy should be structured to place the highest priority on the safety of principal and liquidity of funds, with the optimization of returns-though still important-a secondary objective
- Ensure compliance with legal restrictions/regulations
- Flexibility/Simplicity
- Provides a roadmap during periods of volatility

On Investment Guidelines

- In some cases, it may be beneficial to outline security specific or portfolio limitations such as:
 - Asset allocation bands
 - Maximum duration
 - Minimum credit quality
 - Concentration limits

Balancing Safety, Liquidity, and Yield

Overview

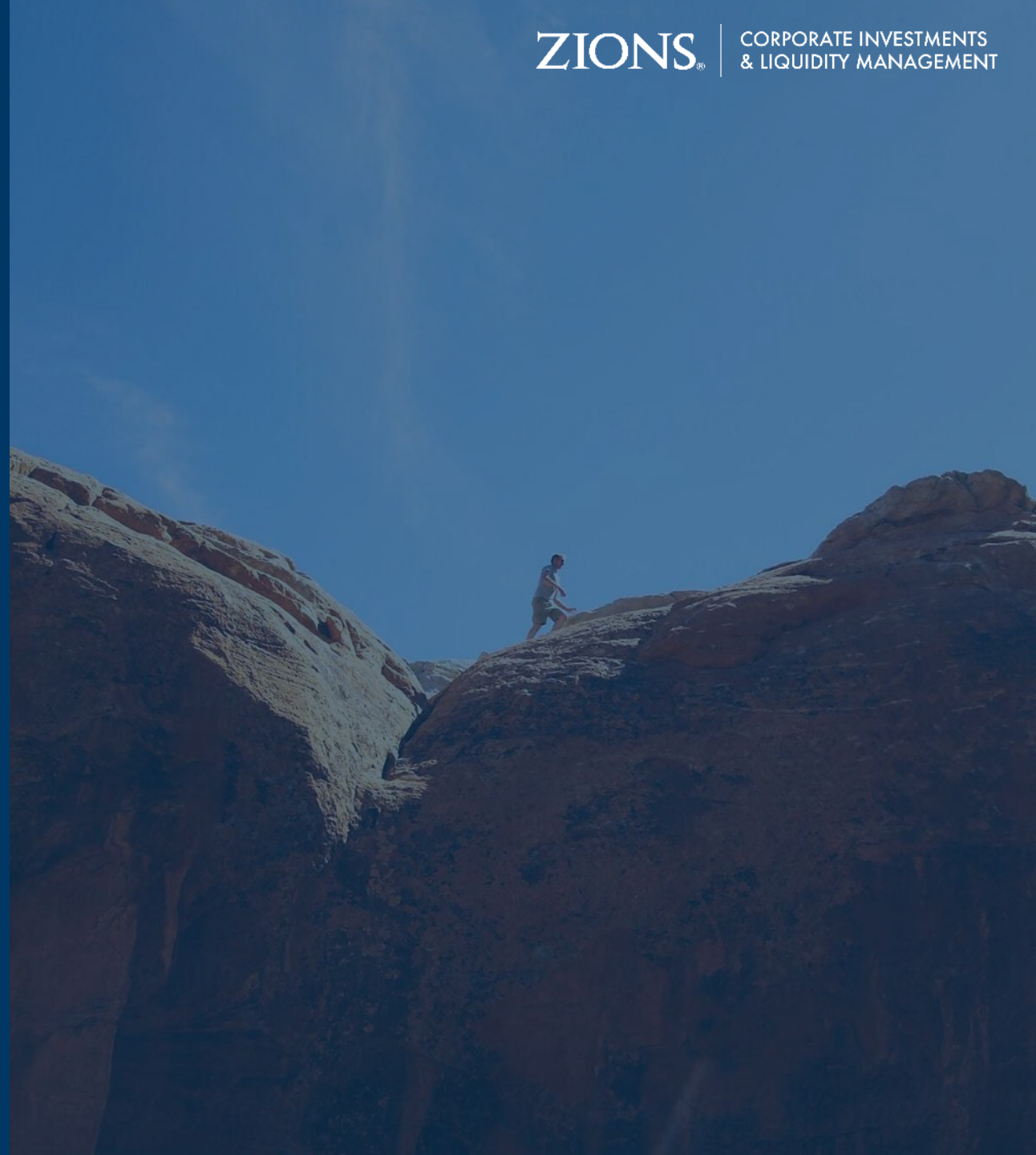
Idaho Code § 50-1013 establishes a **clear investment priority: safety first, followed by liquidity, then yield**. While yield is important, investors must also manage key risks such as interest rate sensitivity, reinvestment risk, and call risk, which can affect both returns and the reliability of cash flows.

Liquidity risk varies significantly across asset classes, making it essential to align investments with expected cash flow timing through a tiered liquidity structure.

A well-informed approach to asset selection — understanding the nuances of each instrument — enables municipalities to achieve risk-aware, goal-aligned outcomes through thoughtful allocation.

Type	Definition	Yield	Liquidity
Corporate Bonds (Short-Term)	Debt issued by corporations with maturity under years, rated A or better.	Higher	Moderate-to-Higher
Commercial Paper	Unsecured, short-term debt issued by corporations for funding operations.	Higher	Higher
Certificates of Deposit (CDs)	Time deposits offered by banks with fixed interest and maturity dates.	Moderate-to-High	Weaker
Federal Agency Securities	Bonds issued by U.S. government-sponsored entities (e.g. FHLB, FNMA).	Moderate	Moderate-to-Higher
Idaho Municipal Bonds	Bonds issued by Idaho municipalities.	Lower-to-Moderate	Moderate
U.S. Treasuries	Debt issued by the U.S. federal government.	Lower-to-Moderate	Higher

Portfolio Strategy and Liquidity Planning



General Investment Management Process



Step 1: Planning

1. Understand goals, constraints, time horizon, liquidity needs
2. Assess risk tolerance and return objectives
3. Draft a personalized investment policy statement (IPS)
4. Establish governance and roles for oversight

Step 2: Execution

1. Construct and an investment strategy aligned with IPS guidelines
2. Execute trades and allocate capital

Step 3: Monitoring & Feedback

1. Long Track performance against benchmarks and objectives
2. Rebalance portfolio to maintain an investment strategy
3. Review IPS periodically and adjust if needed

“If it’s not in the IPS, it’s not in the portfolio”
-Benjamin Cvetko, Investment Analyst

Liquidity Tiers & Planning

Cash Flow Planning *Best Practices*:

- ❑ 12-month rolling forecast, updated regularly, to anticipate operating expenses, debt service, and capital needs.
- ❑ Separate operating, reserve, and capital funds to clarify timing and risk tolerance.
- ❑ Align investment maturities with known liabilities to avoid forced sales or reinvestment at unfavorable rates.
- ❑ Maintain **Tier 1 liquidity** for operational needs and unexpected shortfalls.
- ❑ Use **Tier 2–3 assets** for planned and strategic allocations, where timing allows for longer maturities and potentially higher yields.
- ❑ Link forecasts to the budget cycle to inform investment decisions and ensure policy compliance.
- ❑ Regularly compare actual vs. projected flows and adjust allocations across tiers as conditions evolve.

Common Industry Practices Suggest:

Tier 1: Immediate Access

Cash, LGIP, Money Markets

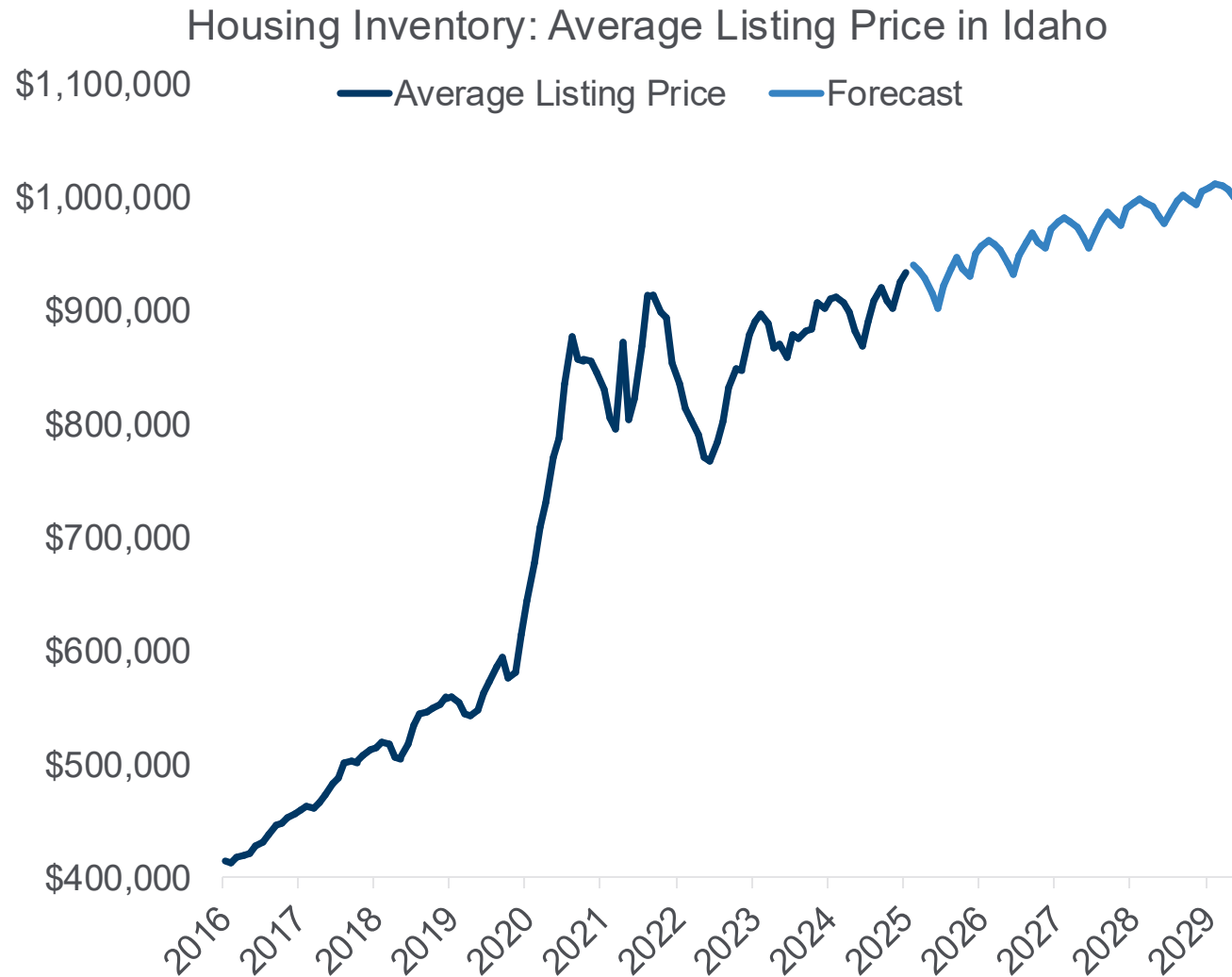
Tier 2: Near-Term Liquidity

Treasury Bills, CDs, Commercial Paper

Tier 3: Intermediate or Long-Term Reserves

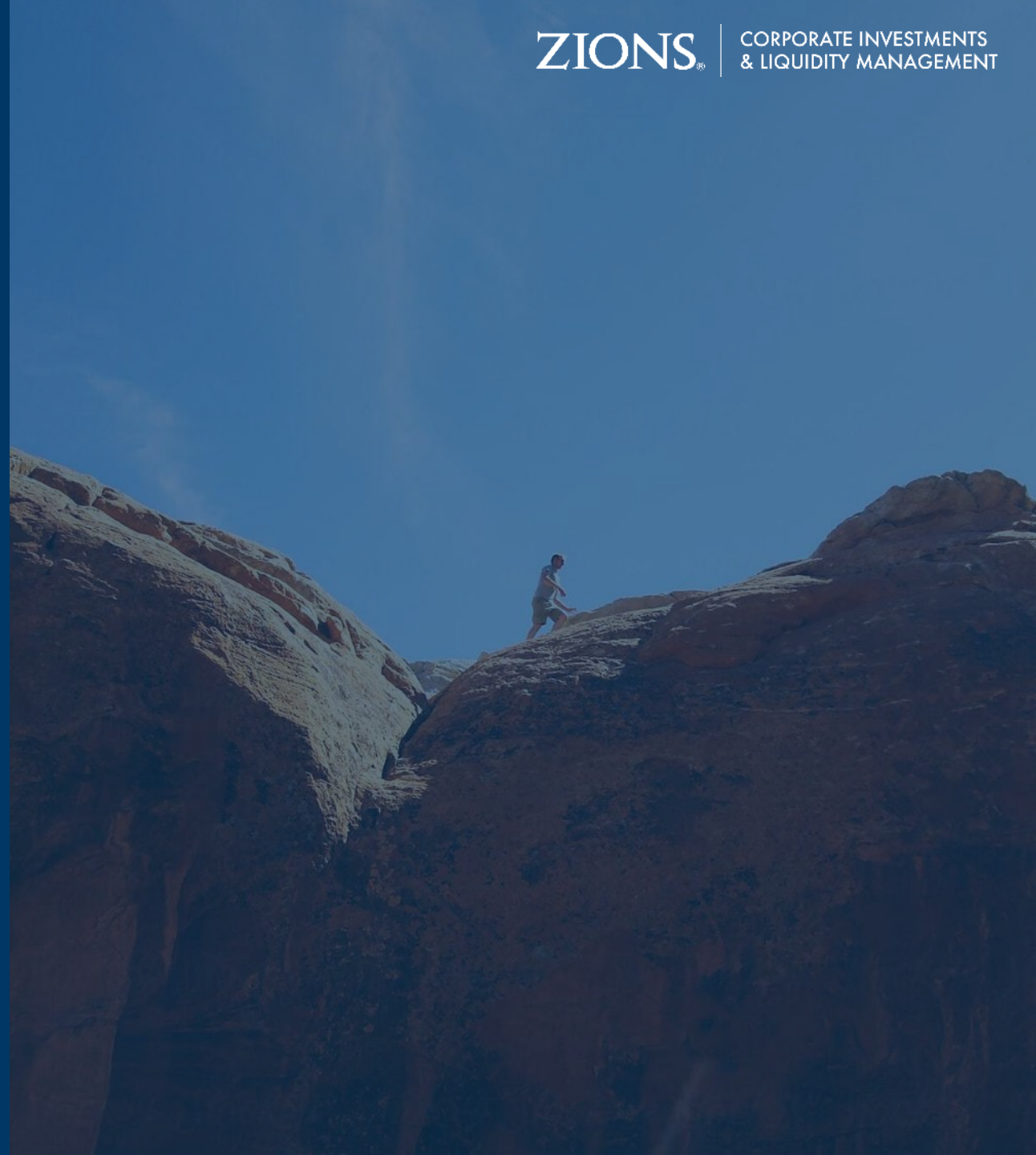
Agencies, Corporates, Treasury Notes

Building a Portfolio Around Your Projected Cash Needs



Date	Est Average Home Price
2025	\$902,715
2026	\$931,680
2027	\$956,090
2028	\$976,554
2029	\$993,639
2030	\$1,007,851

Role of Professional Management



Role of Professional Management

1

Fiduciary Duty

Professional managers are legally obligated to act in the municipality's best interest, prioritizing safety, liquidity, and return. Their oversight ensures disciplined investment practices and protects public funds from undue risk.

2

Specialized Expertise

Investment portfolios require deep knowledge of fixed income markets, credit analysis, and regulatory constraints. Professional managers apply this expertise to optimize returns while maintaining compliance and managing risk.

3

Market Access

Managers leverage institutional relationships to access exclusive investment opportunities and secure better pricing and execution. This advantage helps municipalities achieve stronger performance and broader diversification.

4

Reporting

Professional oversight includes clear, timely reporting on performance, risk, and compliance. These reports support governance, enable informed decision-making, and reinforce public trust through accountability.

What's Right for You?

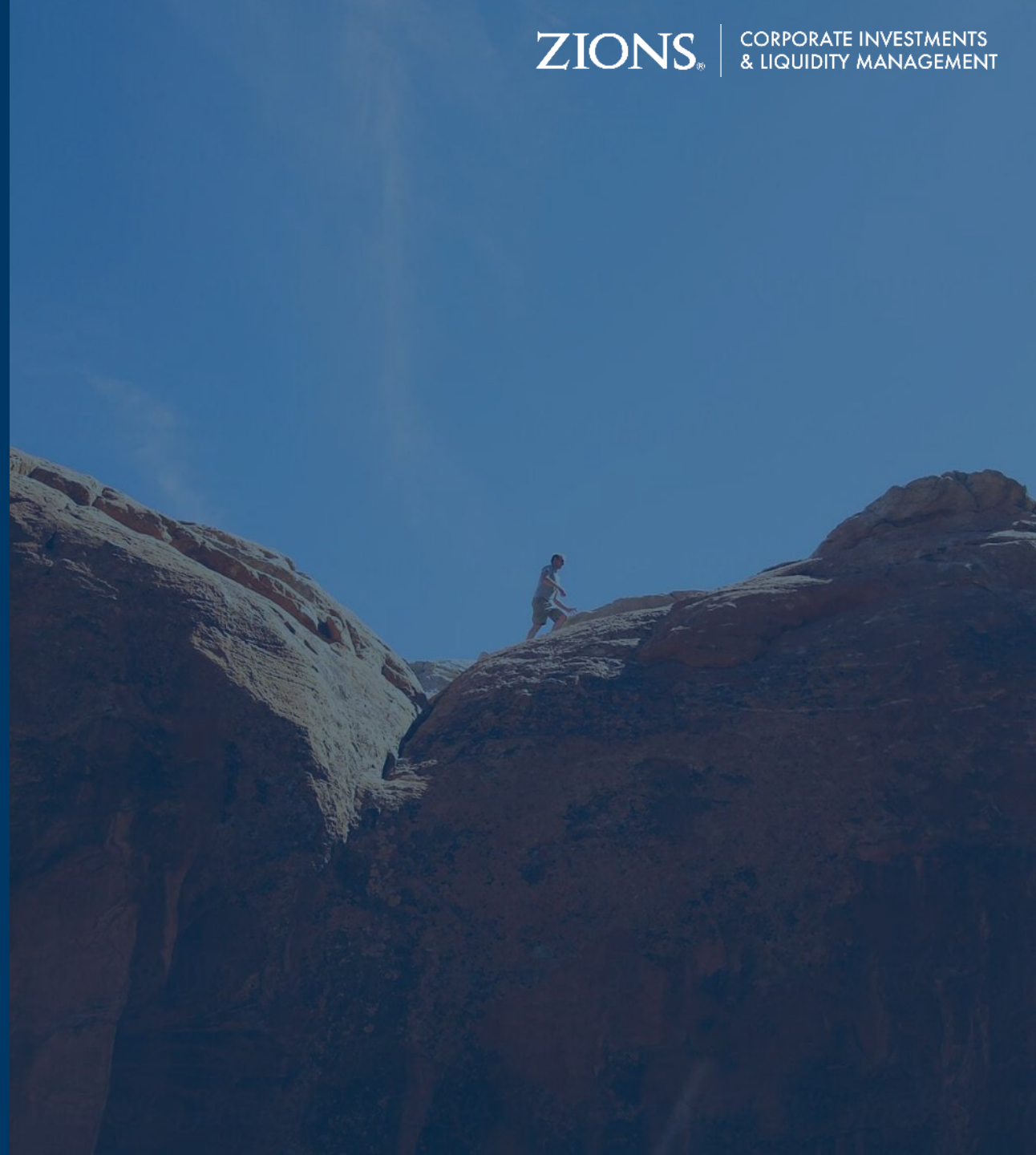
Internally Managed Investment Program

- ✓ Full authority over investment decisions, timing and strategy
- ✓ Avoids advisor fees or management costs
- ✓ Staff may have better understanding of local cash flow needs and political priorities
- ✗ High expenses related to maintaining in-house investment team and necessary resources
- ✗ Municipal staff may lack specialized investment knowledge and certifications
- ✗ Time, staffing, and technology may be insufficient for active portfolio management
- ✗ Higher risk of violating statutory limits or best practices without expert oversight

Outsourced Investment Advisor

- ✓ Access to credentialed professionals (e.g., CFAs, CIPMs) with deep market knowledge
- ✓ Access to more sophisticated investment tools
- ✓ Advisors are held to fiduciary standards
- ✓ Advisors are removed from political opponents and public input
- ✓ Frees up internal staff to focus on budgeting, planning, and operations
- ✗ Advisory fees can weigh on net portfolio returns
- ✗ Delegating authority reduce responsiveness with local priorities
- ✗ Municipalities must still monitor advisor performance and ensure compliance with the investment policy statement (IPS)
- ✗ Reliance on third parties introduces potential for service disruption

About Corporate Investments & Liquidity Management



The Zions Approach

Customized portfolio management of money market and fixed income securities.

Portfolios are tailored to your time horizon, risk tolerance, and investment policy constraints.



As **fiduciaries**, we prioritize safety of principal first and foremost in our investment portfolios, and provide in-house **custody** of your assets.



Predictable income streams can be matched to your withdrawal schedule and liquidity needs.



Comprehensive online reporting provides real-time transparency on portfolio holdings and performance.



Why We Offer Institutional Liquidity Management

Yield

- **Customized, active management** tailored to each client's needs
- **Targets enhanced returns** vs. traditional money market funds and bank sweep accounts
- **Portfolio design** based on time horizon, liquidity needs, and investment policy
- **Potential excess yield of 10–50 basis points** over traditional cash solutions

Safety

- **FDIC insurance limit:** \$250,000 per bank account
- **CILM portfolios** can manage larger balances beyond FDIC limits
- **Invests directly** in government-guaranteed securities (Treasuries, T-bills, Agencies)
- **Diversifies across brokered CDs** from multiple FDIC-insured banks

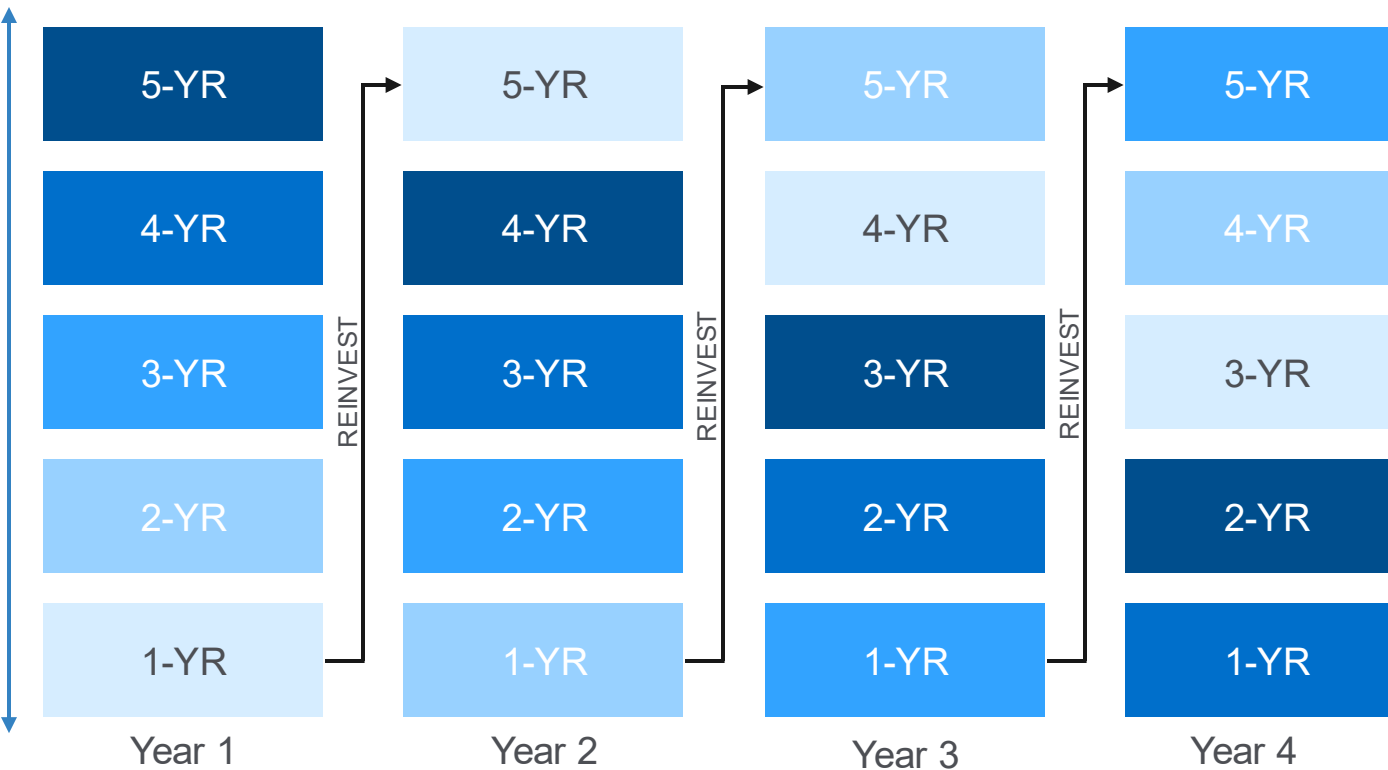
Predictability

- **Money market yields** fluctuate with changes in Fed overnight rates
- **Future liquidity planning** allows for strategic investment in longer-term securities
- **Lock in yields** by purchasing securities with maturities aligned to known cash needs
- **Options include** maturities spanning months, quarters, or years

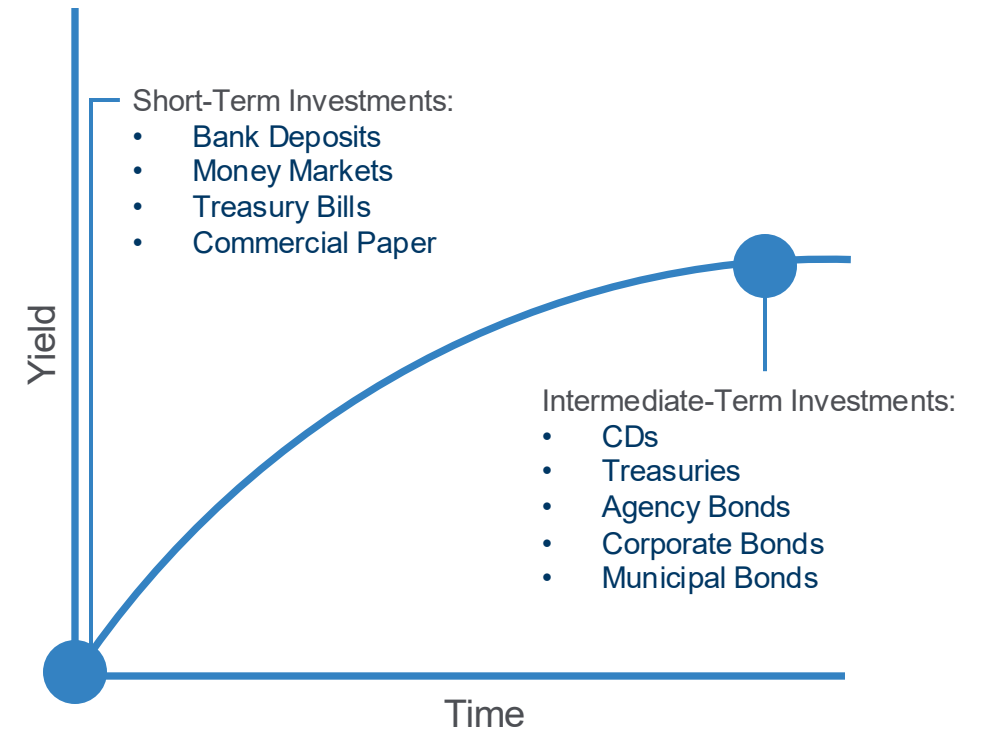
How We Do It

Portfolios are designed to provide organic, layered liquidity via a “buy and hold to maturity” structure.

Higher-Yielding Bonds



Lower-Yielding Bonds



How You See It

Ensures Transparency & Public Trust

Clear, GAAP-compliant reports help councils and constituents understand how public funds are managed.

Improves Financial Decision Making

Accurate data enables timely rebalancing, liquidity planning, and policy alignment.

Facilitates Audit Readiness

Standardized Reporting with mark-to-market valuations and reconciliations supports internal and external audits.

Balance Sheet			
		UMMA Demo 2	
		As of:	
		12/31/2023	12/31/2024
Accumulated Allowance Written Off		0.00	0.00
Accumulated Non-Purchased Allowance		0.00	0.00
Original Cost		124,119,904.00	160,120,409.79
Income Statement			
UMMA Demo 2			
		Begin Date	01/01/2024
		End Date	12/31/2024
Net Amortization/Accretion Income			235,937.29
Interest Income		6,424,446.85	
Dividend Income		0.00	
Foreign Income			
Miscellaneous Income			
Net Income			
Statement of Cash Flows			
UMMA Demo 2			
		Begin Date	01/01/2024
		End Date	12/31/2024
Net Income			6,574,724.97
Amortization/Accretion on MS		-158,615.46	
Change in Accrued on MS		-139,390.02	
Net Gain/Loss on MS		-27,592.22	
Change in Unrealized G/L on CE		0.00	
Subtotal			-325,597.71
Purchase of MS		-93,540,809.55	
Purchased Accrued of MS		-299,724.70	
Sales of MS		23,635,039.16	
Sold Accrued of MS		433.93	
Maturities of MS		40,098,000.00	
Net Purchases/Sales			-30,107,061.16
Transfers of Cash & CE			39,000,000.00
Total Change in Cash & CE			15,142,066.10
Beginning Cash & CE			8,348,221.39
Ending Cash & CE			23,490,287.49

Meet the CILM Portfolio Management Team



**Anthony Valeri, CFA®, Executive Vice President,
Director of Investment Management**

- 32 years in the financial services industry
- Trading and portfolio management experience across all asset classes
- BA in Economics, University of California San Diego
- CFA Charterholder



**Bruce Snow, Assistant Vice President,
Fixed-Income Portfolio Manager**

- 17 years of experience in the financial services industry.
- Extensive experience trading a wide variety of fixed income securities, including Treasuries, Agencies, Commercial Paper, Corporate and Municipal Bonds
- BS in Finance, University of Utah

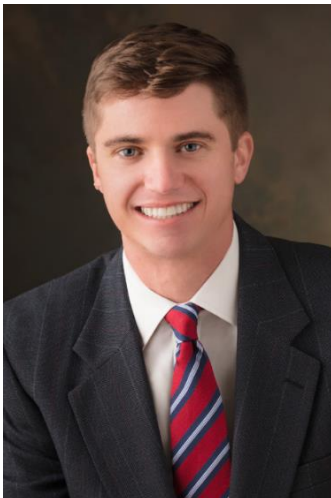
Meet the CILM Portfolio Management Team



Jordan Taylor

Fixed-Income Trader

- 5 years of experience in the financial services industry
- Trading experience includes corporate bonds, derivatives, and global debt
- Graduated cum laude from Wharton with a degree in Economics, concentrating in Finance and Statistics, and minoring in Computer Science



**Scott Kellner, CFA, CAIA®, Vice President
Portfolio and Relationship Manager**

- 13 years of experience in the financial services industry
- Develops, implements, and manages custom portfolios for high-net-worth clients and institutions
- CFA Charterholder, and Chartered Alternative Investment Analyst, CAIA®

Meet the CILM Portfolio Management Team



**Alan Last, Vice President,
Director Wealth Analy & Governance**

- 25 years in the financial services industry
- Equity and fixed income trading experience
- BS Business Management, Brigham Young University
- MBA, University of Utah



**Joseph Irin, CFA®,
Investment Analyst**

- 11 years of experience in the financial services industry
- Trading experience includes government bonds, mutual funds, exchange-traded funds, stocks, and options
- MS in Finance, University of Utah
- CFA Charterholder

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