

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 10, 2026

SALE DATE: JUNE 23, 2026
SALE TIME: 11:00 A.M., EASTERN TIME

New Issue
Book-Entry Only

RATINGS
Moody's: MIG 1
S&P Global: SP-1+
(See "Other Note Information—Ratings.")

This Preliminary Official Statement has been prepared by the State of Idaho to provide information on the State of Idaho Tax Anticipation Notes, Series 2026. Selected information is provided on this cover for the convenience of the reader. A prospective investor should read this Preliminary Official Statement in its entirety in order to make an informed decision regarding the Notes. Unless otherwise indicated, capitalized terms used on this cover have the meanings given in this Preliminary Official Statement.



\$850,000,000⁽¹⁾
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2026

Coupon: ____%, Yield: ____%, CUSIP: _____

Dated: Date of Initial Delivery (July 1, 2026)

Due: June 30, 2027

The State of Idaho Tax Anticipation Notes, Series 2026 (the "Notes"), are being issued to fund the anticipated cash flow shortfalls of the State of Idaho (the "State") during the fiscal year commencing on July 1, 2026, and ending June 30, 2027 ("Fiscal Year 2027"), in anticipation of certain income and revenues from taxes ("General Tax Revenues") to be received by the State during the fourth quarter of Fiscal Year 2027, and to pay the costs of issuing the Notes.

The Notes are being issued pursuant to Article VII, Section 11, and Article VIII, Section 1, of the Constitution of the State, and Title 63, Chapter 32, of the Idaho Code, and pursuant to a Resolution of the Board of Examiners of the State adopted on March 17, 2026, and a Plan of Financing approved by the State Treasurer.

The Notes are primarily secured by an irrevocable pledge of the General Tax Revenues for the fourth quarter of Fiscal Year 2027 which are to be deposited into a special fund and account established solely for the payment of the Notes. The Notes are valid and binding obligations of the State, and the faith and credit of the State is solemnly pledged for the payment of the principal thereof and interest thereon in accordance with its terms and the Constitution and laws of the State.

The Notes initially will be issued in the form of fully registered Notes in book-entry-only form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry form in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will be dated the date of delivery, and will not be subject to redemption prior to maturity. Principal and interest will be payable when due to DTC or its nominee by Zions Bancorporation, National Association, Boise, Idaho, as escrow agent and paying agent (the "Escrow Agent"). Interest on the Notes is payable at maturity.

In the opinion of MSBT Law, Bond Counsel, under currently existing laws, regulations, decisions and interpretations and assuming, among other things, compliance with certain covenants, interest on the Notes is excluded from gross income subject to federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax as defined in Section 55(b)(2). The Notes are not private activity bonds. Bond Counsel is also of the opinion that, under the laws of the State, as enacted and construed as of the date hereof, interest on the Notes is excluded from gross income for purposes of income taxation by the State, to the extent that such interest is excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "Legal and Tax Information—Tax Matters" herein.

The Notes are offered when, as and if issued, subject to receipt by the purchasers of the final approving legal opinion of MSBT Law, Bond Counsel to the State, and certain other conditions. Certain legal matters will be passed upon for the State by Hawley Troxell Ennis & Hawley LLP, in its capacity as Disclosure Counsel. Delivery of the Notes is expected to be made to the Escrow Agent for Fast Automated Securities Transfer on behalf of The Depository Trust Company on July 1, 2026.

(1) Preliminary, subject to change.

The Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may an offer to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

STATE OFFICIALS

The Honorable Julie A. Ellsworth	State Treasurer
The Honorable Brad Little	Governor
The Honorable Scott Bedke	Lieutenant Governor
The Honorable Phil McGrane	Secretary of State
The Honorable Brandon Woolf	State Controller
The Honorable Raúl Labrador	Attorney General
The Honorable Debbie Critchfield	Superintendent of Public Instruction

MUNICIPAL ADVISOR

Piper Sandler & Co.

BOND COUNSEL

MSBT Law

DISCLOSURE COUNSEL

Hawley Troxell Ennis & Hawley LLP

ESCROW AGENT AND PAYING AGENT

Zions Bancorporation, National Association

No dealer, broker, sales representative, or other person has been authorized by the State of Idaho (the “State”) or Piper Sandler & Co., as Municipal Advisor (the “Municipal Advisor”) to give any information or to make any representations with respect to the Notes not contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the State or the Municipal Advisor. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been obtained by the State from State records and from other sources that the State believes to be reliable, but the State does not guarantee the accuracy or completeness of such information. The information, estimates, and expressions of opinion herein are subject to change without notice, and neither the delivery of this Preliminary 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 State since the date hereof.

The State makes no representation regarding the accuracy or completeness of the information provided in Appendix D—DTC and the Book-Entry Only System, which has been furnished by DTC, or regarding the underwriters.

This Preliminary Official Statement has been “deemed final” by the State, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Preliminary Official Statement under said Rule 15c2-12.

This Preliminary Official Statement is not to be construed as a contract or agreement between the State and purchasers or owners of any of the Notes.

Certain statements contained in this Preliminary Official Statement, including the appendices, reflect not historical facts but forecasts and “forward-looking statements.” No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Preliminary Official Statement.

In connection with this offering, the underwriters may over allot or effect transactions that stabilize or maintain the market price of the Notes at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

There can be no guarantee that there will be a secondary market for the Notes or, if a secondary market exists, that the Notes can be sold for any particular price. Accordingly, purchasers of the Notes should be prepared to have their funds committed until the Notes mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Because of general market conditions, lack of current information, or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue may be suspended or terminated.

The CUSIP⁽¹⁾ number is included on the front cover of this Preliminary Official Statement for the convenience of the holders and potential holders of the Notes. No assurance can be given that the CUSIP number for the Notes will remain the same after the date of issuance and delivery of the Notes, and neither the State nor the Municipal Advisor takes any responsibility for the accuracy of the CUSIP number.

The websites provided herein are not part of this Preliminary Official Statement, and investors should not rely on information which is presented in the State’s websites in determining whether to purchase the Notes. Inactive textual references to the State’s websites are not hyperlinks and do not incorporate the State’s websites by reference.

(1) CUSIP data contained herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. CUSIP numbers have been assigned by an independent company not affiliated with the State, and are included solely for the convenience of the holders of the Notes. The State is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Notes or as indicated above.

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This OFFICIAL NOTICE OF SALE does not alone constitute an invitation for bids on the Notes but is merely a notice of the sale of the Notes described herein. The invitation for bids is being made by means of this OFFICIAL NOTICE OF SALE and the PRELIMINARY OFFICIAL STATEMENT. Information contained in this OFFICIAL NOTICE OF SALE is qualified in its entirety by the detailed information contained in the PRELIMINARY OFFICIAL STATEMENT.

OFFICIAL NOTICE OF SALE
\$850,000,000*
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2026

Electronic bids for the Tax Anticipation Notes, Series 2026 (the “Notes”), of the State of Idaho (the “State”), will be received by the State Treasurer, in the manner described as follows

Bid Date: **Tuesday, June 23, 2026**
Bid Time: **11:00 a.m. Eastern Time**
Electronic Bids: **PARITY Electronic Bidding System (“Parity”)**

or such other day or time and under such other terms and conditions as may be established by the State Treasurer and provided to Parity as described under “Modification, Cancellation, Postponement” below.

Bids for the Notes must be submitted electronically via Parity in accordance with this Official Notice of Sale. For further information about Parity, potential bidders may contact Parity at (212) 849-5021. Hard copy or faxed bids will not be accepted.

No bid will be received after the cut-off time specified above for receiving bids on the Notes. Each bidder (and not the State) is responsible for the timely electronic delivery of its bid. The official bid time will be determined by the State and not by any bidder or Parity. All proper bids received with respect to the Notes will be considered and acted on by the State Treasurer.

This Official Notice of Sale, and the information set forth herein, are not to be treated as a complete disclosure of all relevant information with respect to the Notes. Bidders are referred to the Preliminary Official Statement for additional information regarding the State, the Notes, the security for the Notes, and other matters.

Description of the Notes

The Notes will be dated the date of their initial issuance, anticipated to be July 1, 2026, and will mature on June 30, 2027. Interest on the Notes will be payable at maturity and will be calculated on the basis of actual days elapsed over a 365-day year. The Notes are not subject to redemption prior to maturity. The Notes will be issued as fixed rate notes and will bear interest at a rate of 4.00%, which rate is subject to change as determined by the State Treasurer no later than 8:30 a.m., Eastern Time, on June 23, 2026 (see “Modification, Cancellation, Postponement” below).

The Notes are issuable only as fully registered notes and when issued will be registered in the name of Cede & Co., as Note owner and nominee for DTC. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Notes purchased. The principal of and interest on the Notes are payable by Zions Bancorporation, National Association, as escrow agent and paying agent, to DTC, which in turn is obligated to remit such principal and interest to the DTC participants for subsequent disbursement to beneficial owners of the Notes.

The Notes have been rated MIG 1 and SP-1+ by Moody’s Investors Service and S&P Global Ratings, respectively.

* Preliminary, subject to change.

Procedures for Electronic Bidding

Bids for the Notes must be submitted electronically via Parity in accordance with its Rules of Participation and this Official Notice of Sale. Subscription to S&P Global's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid.

By submitting an electronic bid for the Notes, each bidder hereby agrees to the following terms and conditions:

- (i) If any provision in this Official Notice of Sale conflicts with information or terms provided or required by **Parity**, this Official Notice of Sale, including any amendments issued by public wire, will control.
- (ii) The bidder is solely responsible for making necessary arrangements to access **Parity** for purposes of submitting a bid timely and in compliance with the requirements of this Official Notice of Sale.
- (iii) The State has no duty or obligation to provide or assure access to **Parity**, and is not responsible for the proper operation of, or has any liability for, any delays or interruptions of, or any damages caused by, use of Parity.
- (iv) The State is using **Parity** as a communication mechanism, and not as an agent of the State.
- (v) The State is not responsible for ensuring or verifying bidder compliance with Parity's procedures.
- (vi) Upon acceptance of a bid by the State Treasurer, this Official Notice of Sale and the information that is electronically transmitted through **Parity** will form a contract between the bidder and the State as an irrevocable offer to purchase the Notes on the terms provided in this Official Notice of Sale.
- (vii) Information provided by Parity to bidders shall form no part of any bid or of any contract between the successful bidder and the State unless that information is included in this Official Notice of Sale, as may be modified and/or amended by the State.

If all bids for the Notes are rejected, the State Treasurer may fix a new date and time for the receipt of bids for the Notes by giving notice communicated through Parity not less than 18 hours prior to such new date and time. Any notice specifying a new date and/or time for the receipt of bids, following the rejection of bids received or otherwise, will be considered an amendment to this Official Notice of Sale.

Modification, Cancellation, Postponement

The State may modify the terms of this Official Notice of Sale to increase or decrease the total principal amount of the Notes prior to the sale date. Notice of any such modification will be provided to Parity no later than 8:30 a.m., Eastern Time, on June 23, 2026, and it is the bidder's responsibility to check for any such modification prior to submitting its bid.

The State may cancel or postpone the date and time for receiving bids for the Notes at any time prior to the cut-off time for receiving bids. Notice of such cancellation or postponement will be provided to Parity as soon as practicable following such cancellation or postponement.

Bidding Information

Bids to purchase the Notes may be for all or part of the offering. Bidders may submit separate bids for any portion of the Notes, but no bid for less than \$25 million will be considered. Bidders may submit more than one bid to purchase the Notes, subject to the provisions noted above under "Procedures for Electronic Bidding." All bids must be in integral multiples of \$5 million following the initial minimum bid of \$25 million. No "all or none" bids will be accepted. Bidders shall specify the principal amount of Notes to be purchased pursuant to such bid and the amount of premium, if any, that they will pay in addition to the par value to purchase the Notes.

Insurance

Bids for the Notes will not be conditioned upon obtaining insurance or any other credit enhancement. If the Notes qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, any purchase of such insurance or commitment therefor will be at the sole option and expense of the bidder and any increased costs of issuance of the Notes resulting by reason of such insurance, unless otherwise paid, will be paid by such bidder. Any failure of the Notes to be so insured or of any such policy of insurance to be issued will not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Notes.

Basis of Award

The Notes will be awarded to the bidder or bidders making a bid for the Notes that conforms to the terms of the offering and that, on the basis of the lowest net interest cost, are the best bids. For the purpose of comparing bids only, bidders are requested to provide the net interest cost of the bid. The net interest cost shall be determined by (i) computing the total amount of interest payable on such Notes at the stated interest rate, based on a 365-day year, (ii) deducting any premium for such Notes (ratably apportioned) offered in such proposal from such amount and (iii) dividing the resulting difference by the product of the par value of the Notes that the bidder proposes to purchase and the years to maturity of the Notes. If this procedure produces a tie, the Notes will be awarded and sold to bidders based on a ratable apportionment between or among such bidders. The State reserves the right to award the Notes, if issued, to any bidder in an amount less than the principal amount of Notes bid for in any proposal, in which event any premium will be proportionately reduced.

Award or rejection of bids will be made on behalf of the State prior to 1:00 p.m. Eastern Time on the sale date. The State reserves the right to reject any or all proposals and to waive any irregularity or informality with respect to any proposal.

Delivery

The Notes will be delivered to DTC for the account of the winning bidder or bidders on July 1, 2026 or such later date as the State and the winning bidder or bidders may agree. No winning bidder will be required to accept delivery of the Notes if they are not tendered for delivery by July 1, 2026 or such later date as the State and the winning bidder or bidders may agree; provided that delivery of any Notes is conditioned upon the receipt by the State of a certificate as to their issue price. See "Certification of Issue Price and Reoffering Yield" below. Payment of the purchase price due at delivery (less the amount of the winning bidders' respective Good Faith Deposits) must be made in Federal Funds for immediate and unconditional credit to the State.

If, prior to the delivery of the Notes, the interest receivable by the owners of the Notes becomes includable in gross income for federal income tax purposes, or becomes subject to federal income tax other than as described in the Preliminary Official Statement, the successful bidder(s) for the Notes, at its option, may be relieved of its obligation to purchase the Notes, and in that case the Good Faith Deposit accompanying its bid will be returned without interest.

Legal Opinion, Certificates, and Transcript

The approving legal opinion of MSBT Law, Boise, Idaho, Bond Counsel, will be provided to the purchaser(s) at the time of the delivery of the Notes, the form of which is attached as an exhibit to the Preliminary Official Statement. The purchaser or purchasers of the Notes will receive a certified transcript of legal proceedings which will include, among other items:

- (i) a certificate of the State Treasurer to the effect that, as of its date, the Preliminary Official Statement was deemed final within the meaning of Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12"), as may be amended from time to time, except for the omissions permitted under Rule 15c2-12;
- (ii) certificates of State Officials to the effect that there is no litigation pending or, to his knowledge, threatened affecting the validity of the Notes as of the date of their delivery;
- (iii) a certificate of the State Treasurer to the effect that, as of the date of the Official Statement and at all times to and including the date of delivery of the Notes, the Official Statement did not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and
- (iv) the opinion dated the date of the delivery of the Notes, of Hawley Troxell Ennis & Hawley, Disclosure Counsel to the State, to the effect that on the basis of the information which was developed in the course of the performance of the services as Disclosure Counsel and without having undertaken to verify independently such accuracy, completeness or fairness, nothing has come to their attention that would lead them to believe that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the date of issuance of the Notes (apart from the financial statements and other economic, demographic, financial and statistical data, and information regarding Appendix A and The Depository Trust Company contained in the Official Statement, as to which they do not express any opinion or belief), contains or contained any untrue statement of a material fact or omits or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Certification of Issue Price and Reoffering Yield

Competitive Sale Safe Harbor. The State intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “competitive sale requirements”) because:

- (a) the State Treasurer shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (b) all bidders shall have an equal opportunity to bid;
- (c) the State Treasurer expects to receive bids from at least three underwriters of municipal securities who have established industry reputations for underwriting new issuances of municipal securities for Notes bearing the same interest rate and maturity; and
- (d) the State Treasurer anticipates awarding the sale of the Notes to the bidder or bidders who submit firm offers to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Notes, in compliance with this Official Notice of Sale. By submitting a bid for the Notes, a bidder represents and warrants to the State that the bidder has an established industry reputation for underwriting new issuances of municipal notes and such bidder’s bid is submitted for and on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes.

Any winning bidder will be required to complete, execute and deliver to the State Treasurer (on or before the date of delivery of the Notes) a certification as to issue price, reoffering yield and certain other matters, substantially in the form as Exhibit A in the event the State receives three or more bids that fit the requirements of the Official Notice of Sale, and in substantially the same form as Exhibit B in the event the State does not receive three or more such bids. By submitting its bid, each bidder agrees to complete, execute and deliver such certificate by the date of delivery of the Notes if its bid is accepted. Any questions concerning such certification should be directed to MSBT Law, Bond Counsel, Attention: Stephanie Bonney, Phone Number (208) 331-1800 or email sjb@msbtlaw.com.

CUSIP Number

It is anticipated that CUSIP identification numbers will be printed on the Notes, but neither the failure to print such numbers on the Notes nor any error with respect thereto will constitute cause for a failure or refusal by the successful bidder for the Notes to accept delivery of and pay for the Notes in accordance with the terms of this Official Notice of Sale.

The State’s Municipal Advisor is responsible for obtaining CUSIP numbers for the Notes. The charge of the CUSIP Service Bureau will be paid by the successful bidder for the Notes. In the event of multiple successful bidders, the charge of the CUSIP Service Bureau will be paid by the successful bidder for the largest percentage of the total par amount of the Notes.

Official Statement

The Preliminary Official Statement and the information contained therein have been deemed final by the State Treasurer as of its date within the meaning of Rule 15c2-12 with permitted omissions, but is subject to change without notice and to completion or amendment in the final Official Statement in final form (the “Final Official Statement”). The Preliminary Official Statement may be viewed on and downloaded electronically in portable document format from Parity, or EMMA.

The State will deliver, at the State’s expense, to each winning bidder through its designated representative within seven business days after the award of the sale of the Notes, the final Official Statement in portable document format which will permit the successful bidder(s) to comply with the requirements of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board; provided, however, that the winning bidder(s) must cooperate in providing the information required to complete the Final Official Statement.

Continuing Disclosure Undertaking

The State Treasurer has covenanted to provide, in a timely manner, to the Municipal Securities Rulemaking Board notice of the occurrence of specified material events set forth in subsection (b)(5)(i)(c) of Rule 15c2-12. In accordance with the exemption set forth in subsection (d)(3) of Rule 15c2-12 with respect to obligations having a stated maturity of less than

eighteen months, the State will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in the Final Official Statement.

State Securities Laws

The State has taken no action to qualify the offer or sale of the Notes under the securities laws of any state. Should any such qualification be necessary, the State agrees to cooperate with the winning bidder or bidders in such matters; provided that the State reserves the right not to consent to service of process outside its boundaries, and expenses related to any such qualification shall be the responsibility of the winning bidder or bidders.

Contact Information

Municipal Advisor: Eric Heringer, Piper Sandler & Co.
Phone: 208-344-8561
eric.heringer@psc.com

Bond Counsel: Stephanie Bonney, MSBT Law
208-331-1800
sjb@msbtlaw.com

State Treasurer’s Office: Shawn Nydegger, Director of Investments
208-332-2989
shawn.nydegger@sto.idaho.gov

DATED at Boise, Idaho, this 10th day of June, 2026.

/s/
Julie A. Ellsworth, State Treasurer

EXHIBIT A

**(THREE BIDS RECEIVED)
PURCHASER'S CERTIFICATE:**

The undersigned hereby certifies that:

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as purchaser of \$_____ of the \$_____ aggregate principal amount of the "State of Idaho Tax Anticipation Notes, Series 2026" (the "Notes"):

1. The undersigned is a duly authorized officer of the Purchaser.

2. On the date hereof, there was delivered to The Depository Trust Company in New York, New York, for the account of the Purchaser (in full conformity with the Official Notice of Note Sale), \$_____ principal amount of the \$_____ aggregate principal amount of the Notes, bearing interest at the rate of ___% per annum.

3. The Purchaser paid in immediately available funds, to the Treasurer of the State of Idaho (the "Issuer"), the amount of \$_____, representing the purchase price of the Notes as follows:

Principal:	\$ _____
Plus Gross Premium:	_____
Less Underwriter's Discount	_____(____)
Total Purchase Price:	\$ _____

4. A bona fide public offering was made for the Notes on the sale date at the price(s) [and a reoffering yield(s)] shown on Exhibit 1. If a yield is shown on Exhibit 1, "price" herein means the dollar price that produces such yield. Such price(s) [is] [are] the reasonably expected initial offering price(s) of the Notes to the public which was used by the Purchaser in formulating its bid to purchase the Notes. For this purpose:

5. "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party.

6. "Sale date" means the date the Purchaser's bid for the Notes was accepted on behalf of the Issuer.

7. "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public).

8. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

9. The bid submitted by the Purchaser constituted a firm bid to purchase the Notes.

10. The Issuer and its counsel may rely on these certifications in concluding that the Notes meet certain requirements of the Internal Revenue Code of 1986 as amended, relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

11. DATED July 1, 2026.

_____, as Purchaser

By: _____

Name: _____

Title: _____

EXHIBIT 1
(OFFERING PRICE(S) OF NOTES)

EXHIBIT B

**(FEWER THAN THREE BIDS RECEIVED)
PURCHASER'S CERTIFICATE:**

The undersigned hereby certifies that:

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as purchaser of \$_____ of the \$_____ aggregate principal amount of the "State of Idaho Tax Anticipation Notes, Series 2026" (the "Notes");

12. The undersigned is a duly authorized officer of the Purchaser.

13. On the date hereof, there was delivered to The Depository Trust Company in New York, New York, for the account of the Purchaser (in full conformity with the Official Notice of Note Sale), \$_____ principal amount of the \$_____ aggregate principal amount of the Notes, bearing interest at the rate of ___% per annum (the "Notes").

14. The Purchaser paid in immediately available funds, to the Treasurer of the State of Idaho (the "Issuer"), the amount of \$_____, representing the purchase price of the Notes as follows:

Principal:	\$ _____
Plus Gross Premium:	_____
Less Underwriter's Discount	_____ (_____)
Total Purchase Price:	\$ _____

15. A bona fide public offering was made for the Notes on the sale date at the price(s) [and a reoffering yield(s)] shown on Exhibit 1. The first price(s) at which a substantial amount of the Notes was sold to the public are the [respective] price(s) shown on Exhibit 1. If a yield is shown on Exhibit 1, "price" herein means the dollar price that produces such yield. For this purpose:

16. "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party.

17. "Sale date" means the date the Purchaser's bid for the Notes was accepted on behalf of the Issuer.

18. "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the public).

19. "Substantial amount" means 10% or more of the Notes pursuant to Section 1.148-1(f)(4)(ii) of the Income Tax Regulations.

20. The Issuer and its counsel may rely on these certifications in concluding that the Notes meet certain requirements of the Internal Revenue Code of 1986 as amended, relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

21. DATED July 1, 2026.

_____, as Purchaser

By: _____
Name: _____
Title: _____

EXHIBIT 1
(OFFERING PRICE(S) OF NOTES)

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PRELIMINARY OFFICIAL STATEMENT

\$850,000,000⁽¹⁾

STATE OF IDAHO

TAX ANTICIPATION NOTES, SERIES 2026

INTRODUCTION

This Preliminary Official Statement of the State of Idaho (the “State”) presents certain information in connection with the issuance by the State of \$850,000,000⁽¹⁾ aggregate principal amount of Tax Anticipation Notes, Series 2026 (the “Notes”). None of the references to or summaries of the laws of the State or of any documents referred to in this Preliminary Official Statement purport to be complete, and all such references are qualified in their entirety by reference to the complete provisions thereof.

THE NOTES

Description of the Notes

The Notes will be dated the date of their delivery, and will mature June 30, 2027. The Notes will bear interest at 4.00%⁽¹⁾ per annum, payable at maturity, calculated on the basis of a actual days elapsed over a 365-day year. The Notes initially will be issued in the form of fully registered Notes in book-entry-only form in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry-only form in denominations of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The ownership of not more than two fully registered global Notes for the entire aggregate principal amount of the Notes will be registered in the name of Cede & Co. as nominee of DTC. See Appendix D—DTC and the Book-Entry Only System.

Principal of and interest on the Notes will be payable at maturity by Zions Bancorporation, National Association, Boise, Idaho, as escrow agent and paying agent (the “Escrow Agent”), directly to DTC or its nominee in lawful money of the United States for distribution to the Beneficial Owners of the Notes.

Authorization

The Notes are being issued pursuant to Article VII, Section 11, and Article VIII, Section 1, of the Constitution of the State (the “Constitution”), and Title 63, Chapter 32, of the Idaho Code (the “Act”), and pursuant to a Resolution of the Board of Examiners of the State (the “Board”) adopted on March 17, 2026 (the “Resolution”), and a Plan of Financing approved by the State Treasurer. See Appendix B—Plan of Financing. Capitalized terms that are not defined herein have the same meanings as set forth in the Plan of Financing.

Title 63, Chapter 32, of the Idaho Code allows the State Treasurer, with approval of the Board, a constitutionally established board comprised of the Governor, the Secretary of State and the Attorney General, with the State Controller as *ex officio* Secretary, to borrow moneys in anticipation of certain income and revenues from taxes, including ad valorem (if any), excise, income, sales, franchise and license revenues, specifically income and revenues that have been deposited into the general fund of the State (the “General Fund”) and excepting income and revenues required, pursuant to Idaho Code, to be deposited into funds and accounts other than the General Fund (collectively, “General Tax Revenues”) in a principal sum not to exceed 75% of the income or revenue from such taxes that the State reasonably anticipates to be collected during the fiscal year. At the time the Board adopted the Resolution, General Tax Revenues anticipated to be collected during the fiscal year commencing on July 1, 2026, and ending June 30, 2027 (“Fiscal Year 2027”) were expected to be not less than \$5,444,000,000, thereby imposing a limit of \$4,083,000,000 on such borrowings for Fiscal Year 2027. In the Resolution, the Board approved such borrowings during Fiscal Year 2027 in an amount not to exceed such limit.

Pursuant to the Act, all tax anticipation notes (“TANs”) issued by the State must mature no later than the end of the then-current fiscal year. The State does not currently plan to issue additional TANs during Fiscal Year 2027, but reserves the right to do so. See “Security and Sources of Payment for the Notes—Tax Anticipation Notes.”

The Plan of Financing adopted by the State Treasurer calls for the issuance of the Notes in anticipation of the General Tax Revenues to be received during April, May and June of Fiscal Year 2027 (the “Fourth Quarter Fiscal Year 2027”). The

(1) Preliminary, subject to change.

State anticipates receiving a total of approximately \$1,741,779,000 of General Tax Revenues in the Fourth Quarter Fiscal Year 2027. The \$850,000,000⁽¹⁾ in Notes to be issued is equal to 48.8%⁽¹⁾ of anticipated Fourth Quarter Fiscal Year 2027 General Tax Revenues and is within the 75% issuance test set forth in the Act. Table 1 provides a description of the specific revenue and amounts that the State estimates will be received in the Fourth Quarter Fiscal Year 2027. The revenues anticipated for Fiscal Year 2027 are shown on a monthly basis in Table 4 and on a quarterly basis in Table 5. See “General Tax Revenues.”

No Redemption of the Notes

The Notes are not subject to redemption prior to maturity.

Use of Proceeds

The Notes are being issued to fund the State’s anticipated cash flow shortfalls during Fiscal Year 2027 in anticipation of the General Tax Revenues to be received by the State during the Fourth Quarter Fiscal Year 2027. The proceeds of the sale of the Notes will be deposited in the General Fund and will be used to alleviate temporary cash flow shortfalls and to finance the State’s daily operations. See “General Fund Cash Flow” and “General Tax Revenues.”

SECURITY AND SOURCES OF PAYMENT

The Notes are a valid and binding obligation of the State, and the faith and credit of the State is solemnly pledged for the payment of the principal thereof and interest thereon in accordance with its terms and the Constitution and laws of the State.

The Notes are payable from and secured by (i) an irrevocable pledge of so much of the General Tax Revenues to be received during the Fourth Quarter Fiscal Year 2027 as may be necessary to pay the principal of and interest on the Notes to be deposited into a special fund and account known as the “Tax Anticipation Notes, Series 2026, Note Payment Account” (the “2026 Note Payment Account”) established for the payment of the Notes; and (ii) the State Treasurer’s covenant to transfer, if necessary, any cash balances in other borrowable funds in the State Treasury (the “Borrowable Cash Resources”) to the 2026 Note Payment Account in an amount required to fully pay the principal of and interest on the Notes at maturity, subject to the requirement that such transferred amounts be repaid when General Fund moneys are available. See Tables 7 and 8 for further detail regarding Borrowable Cash Resources.

The 2026 Note Payment Account is established in the “Tax Anticipation Note Redemption Fund” created by Section 63-3203, Idaho Code, and will be held and invested at the direction of the State Treasurer by the Escrow Agent, pursuant to the provisions of an escrow agreement. Moneys in the 2026 Note Payment Account will be invested in direct obligations of the Federal Government and in certain fully collateralized investments permitted under Section 67-1210, Idaho Code. The State Treasurer has covenanted to invest all moneys in the 2026 Note Payment Account in securities that mature no later than June 30, 2027. The State Treasurer also has covenanted not to invest moneys in the 2026 Note Payment Account in debt obligations of the State, its political subdivisions, or taxing districts or authorities.

All General Tax Revenues collected during the Fourth Quarter Fiscal Year 2027 will be deposited into the 2026 Note Payment Account, as received, until the moneys therein, together with investment earnings earned or to be earned thereon, are sufficient to pay principal of and interest on the Notes at maturity. See Table 4—State of Idaho Projected General Fund Cash Flow for the Fiscal Year Ending June 30, 2027, and “General Tax Revenues.” The State Treasurer may, but is not required to under the Plan of Financing, deposit any General Tax Revenues received prior to the Fourth Quarter Fiscal Year 2027 into the 2026 Note Payment Account, and any moneys so deposited into the 2026 Note Payment Account are irrevocably appropriated and set aside solely for payment of principal of and interest on the Notes.

The State has projected General Tax Revenues as shown in Table 1 below to pay principal of and interest on the Notes.

(1) Preliminary, subject to change.

TABLE 1
Estimated Fourth Quarter Revenues by Source
For Fiscal Year 2027
(\$000's omitted)

	<u>April</u>	<u>May</u>	<u>June</u>	<u>Total</u>
Individual Income Tax	\$ 472,954	\$ 212,720	\$ 192,230	\$ 877,904
Corporate Income Tax	93,940	10,781	40,119	144,840
Sales Tax	165,540	208,319	226,612	600,471
Product Taxes	4,972	5,020	4,932	14,924
Miscellaneous Revenues	3,875	5,840	93,925	103,640
Non-Revenue Receipts	-	-	-	-
Total Tax Revenues	\$ 741,281	\$ 442,680	\$ 557,818	\$ 1,741,779

Source: Division of Financial Management

Fourth Quarter Fiscal Year 2027 revenues of approximately \$1,741,779,000 are expected to provide approximately 2.05x⁽¹⁾ coverage for the principal amount of the Notes.

General Fund Cash Flow

Timing differences between revenue collections and disbursements have caused the State to engage in inter-fund borrowing to fund General Fund expenditures (see “Security and Sources of Payment for the Notes—Internal Borrowing”). The State Treasurer has determined to issue the Notes to meet the anticipated cash flow requirements for Fiscal Year 2027 resulting from the imbalance in timing between receipts and expenditures.

The State’s major General Fund revenue sources include individual income tax, corporate income tax, and sales tax. Together, these three categories comprise 95% of total General Fund revenues projected for Fiscal Year 2027. General Fund revenues are received in relatively uneven amounts throughout the fiscal year because of the timing of individual income tax collections and refunds, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. As a result, the State anticipates that it will receive 48% of General Fund revenues/receipts in the first six months of Fiscal Year 2027. However, disbursements during the same period account for 61% of total expenditures.

The single largest item of expenditure in the State’s budget is for public school aid, which totals approximately \$2,750,380,000, or 46% of total spending in Fiscal Year 2027. School aid payments are disbursed in five payments, in July (annual appropriated special distributions at 11%), August (49%), November (17%), February (17%), and May (6%), three of which occur in the first five months of the fiscal year for a total of approximately \$2,106,516,000, or 77% of total school aid payments in Fiscal Year 2027. Payments to be made directly to the school districts in Fiscal Year 2027 are currently scheduled as follows:

TABLE 2
Payments to School Districts
(\$000's Omitted)

<u>Month</u>	<u>Amount</u>
July 2026	\$ 292,365
August 2026	1,336,410
November 2026	477,741
February 2027	477,741
May 2027	166,123
Total	\$ 2,750,380

Source: Division of Financial Management

(1) Preliminary, subject to change.

Health and Welfare expenditures, the second largest single expenditure item, total approximately \$1,270,000,000, or approximately 22.6% of the Fiscal Year 2027 General Fund budget. The third largest expenditure item is aid to higher education, for a total of \$667,000,000, or approximately 11.9% of the total Fiscal Year 2027 General Fund budget.

Table 3 presents the actual to-date and projected cash flow of the General Fund for Fiscal Year 2026, and Tables 4 and 5 present the projected cash flow for Fiscal Year 2027, by major categories of receipts and disbursements and by month and by quarter. The Fiscal Year 2027 cash flow table evidences that all proceeds of the Notes are expected to have been expended within two months of their receipt. The cash flows in Tables 4 and 5 reflect current projections, which have been updated to adjust for 2026 legislative changes and should be read in conjunction with other information concerning the Fiscal Year 2027 budget. Certain assumptions regarding the Fiscal Year 2027 cash flow statements are set forth below under “—Assumptions Underlying the Monthly Allocation of Fiscal Year 2027 General Fund Disbursements.”

Fiscal Year 2027 Cash Flow Deficit. Fiscal Year 2027 General Fund cash flow (before borrowing) is estimated to have a negative balance at the end of the months of July through May. The August month-end cash deficit is estimated to be \$1,163,313,000 and the November month-end cash deficit is estimated to be \$931,929,000. See Table 4—“Projected General Fund Cash Flow for the Fiscal Year Ending June 30, 2027.” A primary factor in the high percentage of first-half expenditures is the required dates for General Fund transfers to the public schools.

Most months’ mid-month cash deficit is estimated to be greater than the end-of-the-month deficit balance. This situation occurs because the majority of the month’s expenditures occur during the first half of the month while the majority of revenues are not received until later in the month. The majority of taxes are received during the second half of the month because of statutorily established dates for tax payments. The mid-month Fiscal Year 2027 deficit projected for August is \$1,481,519,000 occurring on or about August 15, 2026, and for November is \$1,292,836,000 occurring on or about November 15, 2026.

The State is choosing to take a conservative external borrowing approach during Fiscal Year 2027 and intends to use internal borrowing resources to cover any deficits not covered by the external borrowing amount.

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TABLE 3
State of Idaho
General Fund Cash Flow
For the Fiscal Year Ending June 30, 2026
(\$000's Omitted)

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May ⁽²⁾	June ⁽²⁾	Total
BEGINNING CASH BALANCE BEFORE BORROWING	\$ 362,000	\$ 330,158	\$ (832,266)	\$ (623,293)	\$ (517,993)	\$ (1,058,705)	\$ (693,587)	\$ (417,601)	\$ (833,764)	\$ (689,422)	\$ (165,676)	\$ (229,245)	\$ 362,000
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax Accrued to General Fund	\$ 171,330	\$ 184,576	\$ 188,699	\$ 224,060	\$ 192,676	\$ 197,959	\$ 249,507	\$ 73,987	\$ 145,597	\$ 426,704	165,271	196,110	\$ 2,416,476
Corporate Income Tax Accrued to General Fund	14,479	956	81,625	18,510	(2,516)	215,751	143,622	8	59,803	206,894	1,623	27,467	768,222
Sales Tax Accrued to General Fund	158,434	210,941	200,064	150,432	202,355	185,238	164,914	177,742	180,314	165,516	199,403	217,159	2,212,512
Product Taxes	5,218	13,241	4,792	4,948	4,830	4,558	4,798	4,918	5,085	5,339	4,932	4,843	67,502
Miscellaneous Revenues	17,935	9,842	22,809	3,031	4,073	17,490	1,178	16,220	8,766	3,787	5,433	93,571	204,135
Total Revenues	\$ 367,396	\$ 419,556	\$ 497,989	\$ 400,981	\$ 401,418	\$ 620,996	\$ 564,019	\$ 272,875	\$ 399,565	\$ 808,240	\$ 376,662	\$ 539,150	\$ 5,668,847
Non-Revenue Transfers to GF	\$ 76,728	\$ -	\$ 32,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,383
Non-Revenue Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
TAN - Interest (offset Int Exp)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES AND RECEIPTS	\$ 444,124	\$ 419,556	\$ 530,644	\$ 400,981	\$ 401,418	\$ 620,996	\$ 564,019	\$ 272,875	\$ 399,565	\$ 808,240	\$ 376,662	\$ 539,150	\$ 5,778,230
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	\$ 96,450	\$ 97,005	\$ 108,814	\$ 119,975	\$ 88,246	\$ 102,553	\$ 84,578	\$ 68,838	\$ 53,947	\$ 44,926	\$ 45,741	\$ 45,824	\$ 956,897
Operating Costs	34,022	35,263	26,902	35,313	28,305	32,034	24,630	21,714	22,916	24,460	39,949	22,500	348,008
Capital Outlay	1,506	2,160	1,867	471	1,065	3,761	706	582	2,060	1,770	7,104	1,105	24,157
Trustee and Benefit Payments	11,328	72,801	8,505	31,182	22,231	4,561	10,500	3,505	7,827	11,008	6,178	550	190,176
Operating Transfers - Public Schools	106,312	1,249,612	-	-	542,845	-	53,000	499,845	53,123	-	249,922	-	2,754,659
Operating Transfers - All Others	226,571	125,199	182,332	102,136	259,571	112,991	114,655	94,571	115,290	202,401	89,737	50,341	1,675,795
Total Expenditures	\$ 476,189	\$ 1,582,040	\$ 328,420	\$ 289,077	\$ 942,263	\$ 255,900	\$ 288,069	\$ 689,055	\$ 255,163	\$ 284,565	\$ 438,631	\$ 120,320	\$ 5,949,692
Non-Operating disbursements	\$ (223)	\$ (60)	\$ (6,749)	\$ 6,604	\$ (133)	\$ (22)	\$ (36)	\$ (17)	\$ 60	\$ (71)	\$ 1,600	\$ (953)	\$ -
TAN - Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES AND DISBURSEMENTS	\$ 475,966	\$ 1,581,980	\$ 321,671	\$ 295,681	\$ 942,130	\$ 255,878	\$ 288,033	\$ 689,038	\$ 255,223	\$ 284,494	\$ 440,231	\$ 119,367	\$ 5,949,692
ENDING CASH BALANCE BEFORE BORROWING	\$ 330,158	\$ (832,266)	\$ (623,293)	\$ (517,993)	\$ (1,058,705)	\$ (693,587)	\$ (417,601)	\$ (833,764)	\$ (689,422)	\$ (165,676)	\$ (229,245)	\$ 190,538	\$ 190,538
Beginning After-Borrowing Cash Balance	\$ 362,000	\$ 330,158	\$ (832,266)	\$ 285,485	\$ 390,785	\$ (149,927)	\$ 662,112	\$ 938,098	\$ 521,935	\$ 932,567	\$ 1,456,313	\$ 1,392,744	\$ 362,000
Borrowing													
External Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Notes	-	-	908,778	-	-	446,921	-	-	266,290	-	-	-	1,621,989
(Repayment)													
External Notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Notes	-	-	-	-	-	-	-	-	-	-	-	(1,621,989)	(1,621,989)
Total Net Borrowing	\$ -	\$ -	\$ 908,778	\$ -	\$ -	\$ 446,921	\$ -	\$ -	\$ 266,290	\$ -	\$ -	\$ (1,621,989)	\$ -
NET RECEIPTS OVER (UNDER) DISBURSEMENT	\$ (31,842)	\$ (1,162,424)	\$ 208,973	\$ 105,300	\$ (540,712)	\$ 365,118	\$ 275,986	\$ (416,163)	\$ 144,342	\$ 523,746	\$ (63,569)	\$ 419,783	\$ (171,462)
ENDING AFTER-BORROWING CASH BALANCE ⁽¹⁾	\$ 330,158	\$ (832,266)	\$ 285,485	\$ 390,785	\$ (149,927)	\$ 662,112	\$ 938,098	\$ 521,935	\$ 932,567	\$ 1,456,313	\$ 1,392,744	\$ 190,538	\$ 190,538

Note: The mid-month deficit for Fiscal Year 2026 (on 11/15/2025) was \$1,058,704

(1) Borrowable Cash Resources and internal notes were used to cover negative balance.

(2) Estimates for May and June.

Source: Division of Financial Management

TABLE 4
State of Idaho
Projected General Fund Cash Flow
For the Fiscal Year Ending June 30, 2027
(\$000's Omitted)

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
BEGINNING CASH BALANCE BEFORE BORROWING ⁽¹⁾	\$ 190,538	\$ (28,731)	\$ (1,163,313)	\$ (873,739)	\$ (695,453)	\$ (931,929)	\$ (710,370)	\$ (488,540)	\$ (767,133)	\$ (638,688)	\$ (268,234)	\$ (186,721)	\$ 190,538
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax	\$ 166,558	\$ 180,539	\$ 232,868	\$ 244,651	\$ 198,227	\$ 196,763	\$ 179,944	\$ 165,290	\$ 218,341	\$ 472,954	\$ 212,720	\$ 192,230	\$ 2,661,085
Corporate Income Tax	14,721	6,304	63,397	9,870	4,111	70,685	88,673	12,864	47,105	93,940	10,781	40,119	462,570
Sales Tax	262,678	214,921	219,047	167,068	203,646	196,410	185,611	177,800	171,876	165,540	208,319	226,612	2,399,528
Product Taxes	14,494	5,010	4,963	4,953	4,799	4,836	5,081	4,506	5,178	4,972	5,020	4,932	68,744
Miscellaneous Revenues	10,691	6,632	23,160	3,658	3,913	18,091	4,213	17,970	12,981	3,875	5,840	93,925	204,949
Total Revenues	469,142	413,406	543,435	430,200	414,696	486,785	463,522	378,430	455,481	741,281	442,680	557,818	5,796,876
Transfers to General Fund	\$ 111,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 111,038
Non-Revenue Receipts													
TOTAL REVENUES AND RECEIPTS	\$ 580,180	\$ 413,406	\$ 543,435	\$ 430,200	\$ 414,696	\$ 486,785	\$ 463,522	\$ 378,430	\$ 455,481	\$ 741,281	\$ 442,680	\$ 557,818	\$ 5,907,914
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	\$ 121,733	\$ 81,156	\$ 81,156	\$ 81,156	\$ 81,156	\$ 121,733	\$ 81,156	\$ 81,156	\$ 81,156	\$ 81,156	\$ 81,156	\$ 81,156	\$ 1,055,026
Operating Costs	40,652	37,541	32,871	28,040	23,534	23,730	23,606	21,339	24,838	25,163	35,015	60,217	376,546
Capital Outlay	1,976	712	650	729	693	712	611	233	706	366	2,815	1,840	12,043
Trustee and Benefit Payments	42,714	11,280	13,027	10,014	6,800	8,192	8,126	5,124	5,645	5,913	6,540	6,313	129,688
Operating Transfers - Public Schools	292,365	1,336,410	-	-	477,741	-	-	477,741	-	-	166,123	-	2,750,380
Operating Transfers - All Others	300,009	80,889	126,157	131,975	61,248	110,859	128,193	71,430	214,691	258,229	69,518	123,670	1,676,868
Total Expenditures	\$ 799,449	\$ 1,547,988	\$ 253,861	\$ 251,914	\$ 651,172	\$ 265,226	\$ 241,692	\$ 657,023	\$ 327,036	\$ 370,827	\$ 361,167	\$ 273,196	\$ 6,000,551
Non-Operating Disbursements													
TOTAL EXPENDITURES AND DISBURSEMENTS	\$ 799,449	\$ 1,547,988	\$ 253,861	\$ 251,914	\$ 651,172	\$ 265,226	\$ 241,692	\$ 657,023	\$ 327,036	\$ 370,827	\$ 361,167	\$ 273,196	\$ 6,000,551
ENDING CASH BALANCE BEFORE BORROWING	\$ (28,731)	\$ (1,163,313)	\$ (873,739)	\$ (695,453)	\$ (931,929)	\$ (710,370)	\$ (488,540)	\$ (767,133)	\$ (638,688)	\$ (268,234)	\$ (186,721)	\$ 97,901	\$ 97,901
Beginning After-Borrowing Cash Balance	\$ 190,538	\$ 821,269	\$ (313,313)	\$ (23,739)	\$ 154,547	\$ (81,929)	\$ 139,630	\$ 361,460	\$ 82,867	\$ 211,312	\$ 581,766	\$ 663,279	\$ 190,538
Borrowing													
External Notes:	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000
Internal Notes	-	-	-	-	-	-	-	-	-	-	-	-	-
(Repayment)													
External Notes:	-	-	-	-	-	-	-	-	-	-	-	(850,000)	(850,000)
Internal Notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Borrowing	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (850,000)	\$ -
NET RECEIPTS OVER (UNDER) DISBURSEMENT	\$ (219,269)	\$ (1,134,582)	\$ 289,574	\$ 178,286	\$ (236,476)	\$ 221,559	\$ 221,830	\$ (278,593)	\$ 128,445	\$ 370,454	\$ 81,513	\$ 284,622	\$ (92,637)
ENDING AFTER-BORROWING CASH BALANCE ⁽²⁾	\$ 821,269	\$ (313,313)	\$ (23,739)	\$ 154,547	\$ (81,929)	\$ 139,630	\$ 361,460	\$ 82,867	\$ 211,312	\$ 581,766	\$ 663,279	\$ 97,901	\$ 97,901

Note: Mid-month cash flow deficit for Fiscal Year 2027 on or about August 15, 2026, is projected to be \$1,481,519,000.

Mid-month cash flow deficit for Fiscal Year 2027 on or about November 15, 2026, is projected to be \$1,292,836,000.

(1) Beginning cash balance includes an encumbrance reserve of \$0.

(2) Borrowable Cash Resources will be used to cover negative balances.

Source: *Division of Financial Management*

TABLE 5
State of Idaho
Cash Flow Summary by Quarter
For the Fiscal Year Ending June 30, 2027
(\$000's Omitted)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
BEGINNING CASH BALANCE	\$ 190,538	\$ (23,739)	\$ 139,630	\$ 211,312	\$ 190,538
REVENUES AND RECEIPTS					
Revenues					
Individual Income Tax	\$ 579,965	\$ 639,641	\$ 563,575	\$ 877,904	\$ 2,661,085
Corporate Income Tax	84,422	84,666	148,642	144,840	462,570
Sales Tax	696,646	567,124	535,287	600,471	2,399,528
Product Taxes	24,467	14,588	14,765	14,924	68,744
Miscellaneous Revenues	40,483	25,662	35,164	103,640	204,949
Total Revenues	\$ 1,425,983	\$ 1,331,681	\$ 1,297,433	\$ 1,741,779	\$ 5,796,876
Non-revenue Receipts	111,038	-	-	-	111,038
TOTAL REVENUES AND RECEIPTS	1,537,021	1,331,681	1,297,433	1,741,779	5,907,914
EXPENDITURES AND DISBURSEMENTS					
Expenditures					
Personnel Costs	\$ 284,045	\$ 284,045	\$ 243,468	\$ 243,468	\$ 1,055,026
Operating Expense	111,064	75,304	69,783	120,395	376,546
Capital Outlay	3,338	2,134	1,550	5,021	12,043
Trustee and Benefit Payments	67,021	25,006	18,895	18,766	129,688
Operating Transfers-Public Schools	1,628,775	477,741	477,741	166,123	2,750,380
Operating Transfers-All Other	507,055	304,082	414,314	451,417	1,676,868
Total Appropriated Expenditures	\$ 2,601,298	\$ 1,168,312	\$ 1,225,751	\$ 1,005,190	\$ 6,000,551
Non-Operating Disbursements	-	-	-	-	-
Net Interest Revenues/Expenditures on TAN	-	-	-	-	-
TOTAL EXPENDITURES AND DISBURSEMENTS	\$ 2,601,298	\$ 1,168,312	\$ 1,225,751	\$ 1,005,190	\$ 6,000,551
TAX ANTICIPATION NOTES:					
Receipt	\$ 850,000	\$ -	\$ -	\$ -	-
Repayment	-	-	-	-	(850,000)
ENDING CASH BALANCE ⁽¹⁾	\$ (23,739)	\$ 139,630	\$ 211,312	\$ 947,901	\$ 97,901

(1) Borrowable Cash Resources will be used to cover negative balances.

Source: Division of Financial Management

Assumptions Underlying the Monthly Allocation of Fiscal Year 2027 General Fund Disbursements

The Fiscal Year 2027 General Fund disbursements shown in Table 4 are classified as Personnel Costs, Operating Costs, Capital Outlay, Trustee and Benefit Payments, Operating Transfers—Public Schools, and Operating Transfers—All Others. The total amount allocated to each classification was determined by consolidating all the Fiscal Year 2027 appropriations. Once the total classifications were determined, the monthly allocations were made in the following manner:

- (i) *Personnel Costs.* The total personnel cost appropriation was based on a per-pay-period cost allocated on the basis of the most recently closed fiscal year actual costs with the cost assigned to the number of paydays in each month.
- (ii) *Operating Costs, Capital Outlay, Trustee and Benefit Payments.* These costs were allocated on the basis of the average of the five previous fiscal years' monthly expenditure pattern.
- (iii) *Operating Transfers—Public Schools.* Public school aid payments were allocated to the months in which the payments are to be made per Idaho Code.
- (iv) *Operating Transfers—All Others.* The agencies receiving authority to transfer funds from the General Fund were consulted as to timing of transfers.

Interest Expense on Tax Anticipation Notes

Since the decision to issue or not to issue TANs is made subsequent to the legislative session, legislative revenue estimates do not include interest earnings on unexpended TAN proceeds, nor do expenditure estimates include the related interest expense. Therefore, TAN interest revenues and expenses have been netted to zero on Tables 4 and 5.

THE ESTIMATES OF AMOUNTS AND TIMING FOR RECEIPTS AND DISBURSEMENTS FOR THE FISCAL YEAR 2027 CASH FLOW STATEMENT ARE BASED ON CERTAIN ASSUMPTIONS AND SHOULD NOT BE CONSTRUED AS STATEMENTS OF FACT. THE ASSUMPTIONS ARE BASED ON CURRENT CIRCUMSTANCES AND CURRENTLY AVAILABLE INFORMATION AND ARE BELIEVED TO BE REASONABLE. THE ASSUMPTIONS MAY BE AFFECTED BY NUMEROUS FACTORS AND THERE CAN BE NO ASSURANCE THAT SUCH ESTIMATES WILL BE ACHIEVED.

General Fund Budget

Table 6 provides the Fiscal Year 2027 General Fund budget and historical information on the State's revenues and expenditures for Fiscal Years 2023–2026. This includes a breakdown of the various revenues that make up the General Fund budget, as well as a breakdown of the expenditures, and reflects current projections, which have been updated to adjust for 2026 legislative changes. Data provided in Table 6 is shown on an accrual basis, and therefore will not match the projected cash flow data for FY 2027 shown in Table 4.

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TABLE 6
State of Idaho
Statement of General Fund Revenues and Expenditures
Fiscal Years 2023-2026 and Summary of Fiscal Year 2027 Budget (Accrual Basis)
(\$000's Omitted)

	2027	% of Total	2026	% of Total	2025	% of Total	2024	% of Total	2023	% of Total
UNOBLIGATED CASH BALANCE JULY 1	\$ 190,538		\$ 362,000		\$ 236,850		\$ 52,861		\$ 857,222	
Add Beginning Encumbrances/Reappropriations	45,000		44,350		62,661		65,494		65,494	
Beginning Cash Balance	\$ 235,538		\$ 406,350		\$ 299,511		\$ 118,355		\$ 922,716	
REVENUES										
Individual Income Tax	\$ 2,429,950	43.63%	\$ 2,416,476	42.63%	\$ 2,418,855	41.23%	\$ 2,228,701	39.02%	2,148,710	36.12%
Corporate Income Tax	466,344	8.37%	768,222	13.55%	890,614	15.18%	867,483	15.19%	1,031,854	17.35%
Sales Tax	2,400,055	43.09%	2,212,512	39.03%	2,243,077	38.24%	2,341,957	41.01%	2,299,158	38.65%
Cigarette Tax	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1,288	0.02%
Tobacco Tax	10,743	0.19%	10,678	0.19%	10,640	0.18%	10,440	0.18%	10,909	0.18%
Beer and Wine Tax	8,521	0.15%	7,877	0.14%	7,356	0.13%	7,608	0.13%	7,657	0.13%
Kilowatt Tax	1,571	0.03%	1,801	0.03%	2,217	0.04%	2,072	0.04%	1,649	0.03%
Mine License Tax	0	0.00%	0	0.00%	21	0.00%	312	0.01%	28,383	0.48%
Liquor Surcharge	47,908	0.86%	46,413	0.82%	46,810	0.80%	52,646	0.92%	50,080	0.84%
Insurance Premium Tax	131,034	2.35%	125,804	2.22%	123,516	2.11%	106,756	1.87%	97,924	1.65%
Total Taxes	\$ 5,496,126	98.67%	\$ 5,589,783	98.61%	\$ 5,743,106	97.91%	\$ 5,617,975	98.37%	\$ 5,677,612	95.45%
State Treasurer	\$ 11,400	0.20%	\$ 18,799	0.33%	\$ 15,749	0.27%	21,165	0.37%	27,893	0.47%
Court Fines	8,210	0.15%	8,064	0.14%	7,712	0.13%	7,554	0.13%	7,296	0.12%
Estate Tax	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Miscellaneous	54,306	0.96%	52,201	0.91%	99,735	1.69%	64,567	1.12%	235,248	3.95%
TOTAL REVENUES	\$ 5,570,042	100%	\$ 5,668,847	100%	\$ 5,866,302	100%	\$ 5,711,261	100%	\$ 5,948,049	100%
EXPENDITURES										
Personnel Costs	1,055,026	18.77%	956,897	16.08%	910,451	15.86%	\$ 920,400	16.51%	\$ 926,098	13.70%
Operating Costs	376,546	6.70%	348,008	5.85%	312,334	5.44%	310,617	5.57%	333,699	4.94%
Capital Outlay	12,043	0.21%	24,157	0.41%	26,132	0.46%	17,923	0.32%	23,443	0.35%
Trustee and Benefit Payments	129,688	2.31%	190,176	3.20%	185,816	3.24%	22,633	0.41%	91,264	1.35%
Operating Transfers - Public Schools	2,750,380	48.93%	2,754,659	46.30%	2,646,911	46.10%	2,499,176	44.84%	2,292,444	33.91%
Operating Transfers - All Others	1,297,868	23.09%	1,675,795	28.17%	1,659,508	28.91%	1,802,680	32.34%	3,094,244	45.76%
TOTAL EXPENDITURES	\$ 5,621,551	100.01%	\$ 5,949,692	100.00%	\$ 5,741,152	100.01%	\$ 5,573,429	99.98%	\$ 6,761,192	100.00%
Nonoperating Rec./Disb. (Net)	\$ 111,038		\$ 109,383		\$ 0		\$ 43,324		\$ 8,782	
Interest Expense on TAN	0		0		0		0		0	
Ending Cash Balance	\$ 295,067		\$ 234,888		\$ 424,661		\$ 299,511		\$ 118,355	
Less Encumbrances/Reappropriations	(45,000)		(44,350)		(62,661)		(62,661)		(65,494)	
UNOBLIGATED CASH BALANCE JUNE 30	\$ 250,069		\$ 190,538		\$ 362,000		\$ 236,850		\$ 52,861	

(1) Fiscal Year 2026 estimated. Actual through April with estimates for May and June 2026.

Source: Division of Financial Management

Borrowable Cash Resources

Pursuant to Section 67-1212, Idaho Code, as amended, the State Treasurer is authorized to engage in short-term internal borrowings from cash balances in other funds in the State Treasury as identified in Table 7 and Table 8 to meet cash flow shortfalls in the General Fund. Such amounts must be repaid when General Fund moneys are available, subject to the pledge of General Tax Revenues to pay the State's TANs. Cash balances in the various funds maintained in the State Treasury that comprise the Borrowable Cash Resources are estimated to be \$9,427,445,000 on June 30, 2027.

Section 67-1212 authorizes the State Treasurer to pay State warrants out of any available moneys and to allow the fund against which the warrants were drawn to remain negative for up to 30 days. If moneys are not sufficient in the fund after 30 days, the State Treasurer is required to make inter-fund transfers, subject to the following requirements: (i) all transfers must be identified by the available funds from which moneys are borrowed, the fund to which the moneys are transferred, the amount of the transfer, the anticipated interest rate consistent with the available funds' current rate of return, if applicable, the anticipated repayment date, and the reason for the transfer; (ii) interest, if applicable, must be paid on any transfer where required by law; and (iii) the State Treasurer is required to maintain an annual report of all such inter-fund transfers. Alternatively, the State Treasurer may issue TANs.

In the opinion of both Bond Counsel and the Idaho Attorney General, the State Treasurer is fully authorized to borrow from the Borrowable Cash Resources of the State, if necessary, to pay the Notes when due, and such internal borrowings can, if necessary, be carried over into the next fiscal year of the State. Estimated Fiscal Year 2027 Borrowable Cash Resources of \$9,427,445,000 provides approximately 11.0x⁽¹⁾ additional coverage for the Notes.

Historical and projected balances available at fiscal year-end in other funds controlled by the State Treasurer that comprise the Borrowable Cash Resources at fiscal year end and monthly are shown in the Tables 7 and 8.

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(1) Preliminary, subject to change.

TABLE 7
State of Idaho
Borrowable Cash Resources
Fiscal Years 2021-2026
(\$000's Omitted)

(000 omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
ACTUAL												
Fiscal Year 2021	7,294,002	7,901,626	6,898,704	6,645,101	6,604,260	7,184,452	6,990,197	7,319,469	7,191,646	7,734,096	10,628,925	8,729,295
Fiscal Year 2022	8,217,406	8,808,809	8,775,179	8,325,950	8,488,662	9,146,003	8,993,436	9,191,451	8,981,947	9,903,635	9,904,143	10,209,722
Fiscal Year 2023	10,645,738	10,792,294	10,066,178	9,484,409	6,422,208	10,100,119	10,476,865	10,759,565	10,423,050	10,297,629	10,628,925	10,715,075
Fiscal Year 2024	9,627,144	9,997,157	9,617,380	9,101,998	9,152,380	9,820,147	9,931,702	10,172,232	9,899,393	10,270,576	10,436,659	10,609,645
Fiscal Year 2025	9,950,264	10,139,121	10,453,467	10,343,722	10,092,089	10,861,742	9,797,854	9,831,891	9,356,205	9,278,713	9,579,144	9,435,842
Fiscal Year 2026 ⁽¹⁾	9,126,562	9,525,040	9,904,268	9,422,367	9,478,965	10,129,694	9,877,289	10,195,743	9,826,892	9,604,764	9,796,859	9,892,907
ESTIMATE												
Fiscal Year 2027	\$ 9,534,427	\$ 9,827,866	\$ 10,174,418	\$ 9,878,364	\$ 9,780,612	\$ 10,490,580	\$ 9,832,206	\$ 10,008,224	\$ 9,585,747	\$ 9,431,981	\$ 9,570,984	\$ 9,427,445

(1) Estimates for May and June.

Source: *Division of Financial Management*

TABLE 8
State of Idaho
Estimated Available Borrowable Cash Resources
Fiscal Year 2027
(\$000's Omitted)

(000's Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
NON-INTEREST BEARING												
Lottery	\$ 11,157	\$ 19,530	\$ 27,489	\$ 34,948	\$ 45,803	\$ 51,071	\$ 57,757	\$ 62,965	\$ 69,032	\$ 74,814	\$ 75,650	\$ 81,424
Co-Op Welfare	286,040	312,766	368,716	382,905	349,368	337,240	152,288	120,764	109,902	129,460	214,981	255,627
Co-Op DEQ	4,687	7,205	5,364	10,147	8,537	6,369	10,109	8,447	6,322	6,691	4,705	2,236
Tax Commission Refunds	37,877	59,894	100,929	113,330	114,435	174,282	238,215	147,556	72,693	54,952	26,383	5,000
Circuit Breaker/Sales Tax	30,937	61,835	91,712	29,671	59,360	86,347	31,946	56,626	80,470	29,438	56,192	86,130
Department of Lands	(2,465)	(2,467)	(2,485)	(251)	(2,598)	(2,610)	(2,615)	(2,622)	(2,621)	(2,619)	(2,615)	(2,612)
State Regulatory Agency Accounts	18,108	13,643	13,151	13,093	13,350	4,985	21,981	22,219	23,456	23,213	22,920	23,371
All Other Non-Interest Bearing Funds	788,775	520,307	1,003,754	988,671	870,365	931,504	1,140,758	1,248,614	1,147,421	1,240,935	1,042,595	882,992
TOTAL NON-INTEREST BEARING	\$ 1,175,116	\$ 992,713	\$ 1,608,630	\$ 1,572,514	\$ 1,458,620	\$ 1,589,188	\$ 1,650,439	\$ 1,664,569	\$ 1,506,675	\$ 1,556,884	\$ 1,440,811	\$ 1,334,168
INTEREST BEARING												
Permanent Building	\$ 709,612	\$ 218,319	\$ 217,232	\$ 216,995	\$ 215,486	\$ 209,685	\$ 208,764	\$ 205,436	\$ 201,823	\$ 206,913	\$ 208,163	\$ 511,000
Water Pollution Control	132,596	138,193	139,029	138,485	137,146	137,453	138,178	131,511	125,941	126,325	129,136	129,872
Public Education Stabilization Fund	231,049	233,178	233,454	233,772	234,128	234,510	233,673	234,145	234,602	233,911	234,449	235,028
Income & Endowment Funds	53,092	(4,004)	(5,378)	431	(10,159)	(28,055)	11,628	(37,017)	(22,264)	(7,076)	(75,569)	(106,345)
Unemployment Clearing	26,323	25,834	26,302	26,605	28,966	28,520	32,096	30,422	29,479	39,669	39,521	26,433
Group Insurance	43	37	69	64	60	53	43	36	31	25	20	15
State Highway Accounts	179,233	189,662	184,812	148,541	163,457	190,715	154,070	170,785	199,265	161,389	177,168	222,201
Budget Reserve	847,826	847,826	847,826	847,826	847,826	847,826	847,826	847,826	847,826	847,826	847,826	847,826
Risk Management	26	23	32	30	27	25	21	19	16	13	16	13
Idaho Millennium Fund	37,296	37,305	37,314	37,323	37,332	37,341	37,350	37,359	37,368	37,377	37,386	37,395
Land Improvement	0	0	0	0	0	0	0	0	0	0	0	0
Liquor Control	20,069	10,381	13,682	8,527	10,502	26,188	11,185	15,050	20,257	14,994	16,409	15,302
Petroleum Price	0	0	0	0	0	0	0	0	0	0	0	0
Interagency Billing Accounts	5,928	5,340	5,234	5,259	5,209	4,841	5,125	4,295	4,573	3,474	4,158	8,455
Local Government Investment Pool	3,866,980	4,528,320	4,227,357	4,023,241	4,025,025	4,575,014	4,102,641	4,400,785	4,161,887	3,962,899	3,894,789	3,984,479
Catastrophic Health Care	349	350	351	351	352	352	353	353	353	353	353	353
All Other Interest Bearing funds	2,248,889	2,604,389	2,638,472	2,618,400	2,626,635	2,636,924	2,398,814	2,302,650	2,237,915	2,247,005	2,616,348	2,181,250
TOTAL INTEREST BEARING	\$ 8,359,311	\$ 8,835,153	\$ 8,565,788	\$ 8,305,850	\$ 8,321,992	\$ 8,901,392	\$ 8,181,767	\$ 8,343,655	\$ 8,079,072	\$ 7,875,097	\$ 8,130,173	\$ 8,093,277
TOTAL INTERNAL CASH BORROWING RESOURCES	\$ 9,534,427	\$ 9,827,866	\$ 10,174,418	\$ 9,878,364	\$ 9,780,612	\$ 10,490,580	\$ 9,832,206	\$ 10,008,224	\$ 9,585,747	\$ 9,431,981	\$ 9,570,984	\$ 9,427,445

Source: Division of Financial Management

Internal Borrowing

If General Fund cash flow shortages exist for more than 30 days, the State Treasurer may issue internal notes or registered warrants to correct the shortfall. Internal notes or registered warrants are notes issued by the General Fund to borrow moneys from other available State funds or accounts that comprise the Borrowable Cash Resources. They are subject to the requirement that such amounts be repaid when General Fund moneys are available, but are subordinate to the pledge of Fourth Quarter Fiscal Year 2027 General Tax Revenues pledged to the repayment of the Notes. The following table provides information on the internal borrowings that existed for more than 30 days issued by the State Treasurer since Fiscal Year 2020.

TABLE 9
Internal Borrowing Over 30 Days

Fiscal Year	Par Amount	Issued	Repaid
2020	446,147,443	9/12/2019	6/30/2020
2020	135,834,861	6/4/2020	6/30/2020
2021	749,437,659	9/11/2020	4/23/2021
2023	908,662,981	9/9/2022	1/23/2023
2023	59,290,365	3/16/2023	3/21/2023
2024	1,134,726,858	8/27/2023	4/23/2024
2025	1,028,681,079	8/31/2024	6/26/2025
2026	908,777,512	9/12/2025	3/23/2026
2026	446,920,623	12/13/2025	1/20/2026
2026	266,289,943	3/14/2026	3/24/2026

Source: Idaho State Treasurer

Tax Anticipation Notes

Over the past 10 years, the State Treasurer has issued TANs in Fiscal Years 2017 through 2020 and Fiscal Year 2022, which were sold in the open market. The State Treasurer last issued a TAN in Fiscal Year 2022 in the amount of \$291,795,000, and the State has no other direct obligations outstanding as of the date hereof.

Authorized Investments

State law, Idaho Code Section 67-1210, and the State Treasurer's Investment Policy direct the investment of State funds in direct obligations of the Federal Government, FDIC-insured certificates of deposit from banks located in the State, collateralized repurchase agreements, or other investment instruments as specified in such section. The average maturity of the State's investment portfolio was 270 days as of March 31, 2026.

Moneys in the 2026 Note Payment Account may be invested in direct obligations of the Federal Government and/or in certain fully collateralized investments permitted under Section 67-1210, Idaho Code. The State Treasurer has covenanted not to invest moneys in the 2026 Note Payment Account in debt obligations of the State, its political subdivisions, or taxing districts or authorities. The State Treasurer has also covenanted to invest all moneys in the 2026 Note Payment Account in securities that mature no later than June 30, 2027.

RECENT DEVELOPMENTS

The following are recent developments that will take effect in Fiscal Year 2027, unless otherwise specifically stated as being retroactive to January 1, 2026. All changes to revenue projections described in this section are compared to the Governor's Executive Budget (the "Executive Budget"), prepared by the State Division of Financial Management and, last updated in January 2026. Furthermore, all projections included in Tables 1-8 of this Preliminary Official Statement account for all additional expenses and budgetary changes described herein.

Fiscal Year 2026 and 2027 Budget Adjustments

In response to projected revenue shortfalls for Fiscal Year 2026, the Governor and Idaho Legislature took early and proactive steps to align ongoing expenditures to anticipated revenues to preserve a structural budget balance.

On August 15, 2025, Governor Little issued Executive Order 2025-05, known as the “Idaho Act” (the “Executive Order”), directing state agencies to prepare for potential revenue reductions and implement operational efficiencies early in the year to reduce spending. The Executive Order included a 3% holdback to agencies’ General Fund appropriation, with the exception of public schools, and instructed agencies to identify cost savings, operational efficiencies, and opportunities to reduce ongoing expenditures. The Governor’s Fiscal Year 2027 budget recommendation to the Idaho Legislature recommended a 3% ongoing reduction for most agencies, while prioritizing funding stability for public schools and selected public safety agencies.

The 2026 Legislature subsequently adopted additional expenditure reductions during the 2026 Legislative session. Senate Bill 1331, signed into law on March 16, 2026, reduced Fiscal Year 2026 appropriations by approximately \$192.7 million, including \$131.2 million in General Fund reductions. These reductions represented an effective 4% reduction across most areas of state government. Exceptions to the additional reductions included public schools, Medicaid, the Idaho Department of Corrections and Idaho State Police, reflecting the state’s prioritization of core constitutional and public safety functions.

In addition, Fiscal Year 2027 appropriation legislation incorporated further ongoing expenditure reductions across many state agencies of up to 5% below prior appropriations, an additional 2% in reductions recommended by the Governor. Public schools, public safety agencies, and some adjustments in other core services were protected from the additional reductions.

These actions demonstrate the State’s commitment to make timely budget adjustments in response to changing revenue conditions and reflect the State’s continued emphasis on conservative fiscal management, structural budget balance, and maintaining long-term financial stability.

One Big Beautiful Bill (H.R. 1) Conformity

House Bill 559, effective retroactively to January 1, 2025, conformed Idaho Code governing income taxation to changes made to the Internal Revenue Code as a result of H.R. 1 (often referred to as the One Big Beautiful Bill). State law adopts the provisions of the Internal Revenue Code, with some differences. As it relates to conformity to the Internal Revenue Code provisions of H.R. 1, House Bill 559 differs in treatment of research and experimental (R&E) expenditures. R&E expenditures incurred from 2022-2024 already being amortized will continue to the end of their five (5) year amortization schedule. Any R&E expenditures from 2025 and forward conform to H.R. 1. The estimated additional fiscal impact to General Tax Revenues for Fiscal Year 2026 is a decrease of approximately \$155,000,000 and for Fiscal Year 2027 a decrease of approximately \$175,000,000.

GENERAL TAX REVENUES

The following General Tax Revenues are the sources for the repayment of principal of and interest on the Notes.

Individual Income Tax (Title 63, Chapter 30, Idaho Code)

Effective as of January 1, 2025, collections from the individual income tax are based on a flat tax rate of 5.3%. Prior to January 1, 2025, the individual income tax rates were based on a graduated scale that at various points in the 2021–2024 period reached a top marginal rate of 6.5% (the top rate in 2021 before subsequent reductions). Although the State generally conforms to federal income tax provisions for determining Idaho taxable income, a number of differences exist. Idaho’s definition of taxable income excludes 100% of Social Security benefits, allows a 60% subtraction for certain qualifying capital gains, and excludes 100% of interest earned on U.S. government securities. Individual income tax revenues through April 2026 are approximately \$97,618,100 below the official revenue forecast, which is a variance of 4.5%.

All net tax liability, interest, and penalties are distributed to the General Fund, and withholding collections on State lottery winnings are distributed to public schools and counties. An amount equal to 20% of the individual income taxes collected by the State Tax Commission is required by Section 63-3067, Idaho Code, to be deposited in an account the (“State Refund Account”) and held for individual and corporate tax refunds. Any balance exceeding \$5,000,000 in the State Refund Account on June 30 each fiscal year is transferred to the General Fund. A filing tax of \$10 per tax return is assessed, with proceeds distributed to the “Permanent Building Fund” established under Title 57, Chapter 11, Idaho Code. Idaho belongs to the multi-state tax compact, which both brings in money to the State and costs the State each month.

TABLE 10
State of Idaho
Individual Income Tax Net Collections

Fiscal Year	General Fund	Permanent Building Fund	Total
2016	1,513,168,518	7,136,160	1,520,304,678
2017	1,651,195,565	7,008,350	1,658,203,915
2018	1,828,281,687	7,102,850	1,835,384,537
2019	1,661,130,210	7,259,180	1,668,389,390
2020	1,905,245,518	7,174,130	1,912,419,648
2021	2,446,316,312	8,181,960	2,454,498,272
2022	2,602,175,383	7,516,656	2,609,692,039
2023	2,148,709,962	8,717,740	2,157,427,702
2024	2,233,214,521	8,459,410	2,241,673,931
2025	2,420,640,637	8,684,640	2,429,325,277

Source: State Tax Commission

Sales Tax (Title 63, Chapter 36, Idaho Code)

The State’s sales tax rate has been 6% since 2006 and applies to the sale, rental, or lease of tangible personal property and some services. The 2023 Legislature adopted House Bill 292, which created the School District Facilities Fund (the “SDF Fund”), codified in Section 33-911, Idaho Code, and funded it through specified transfers of Idaho Lottery dividends and General Fund appropriations. The SDF Fund’s purpose is to offset property taxes by using revenues in the fund, distributed to school districts, to offset property tax levies. Subsequently, the 2024 Legislature enacted House Bill 521, as amended by House Bill 766, which established a new statutory transfer of sales tax revenues each fiscal year to the School Modernization Facilities Fund (the “SMF Fund”), codified in Sections 33-912 through 33-918, Idaho Code. Under Section 63-3638, Idaho Code, all state sales tax receipts are distributed through a defined statutory sequence as follows:

- (i) The State Refund Account sufficient for the payment of refunds and administrative costs;
- (ii) Payments relating to the multistate compact under Title 63, Chapter 37, Idaho Code;
- (iii) The Tax Relief Fund, pursuant to Section 63-3620F, Idaho Code;
- (iv) “Revenue sharing” distributions to counties and cities equal to 11.5% of collections, after refunds;
- (v) For Fiscal Year 2026 a maximum distribution of \$145 million, with \$100 million appropriated to the Transportation Expansion and Congestion Mitigation (“TECM”) Fund and the remaining \$45 million distributed to local units of government for local highway projects. For Fiscal Year 2027, the maximum distributed is \$165 million, with \$120 million appropriated to the TECM Fund and the remaining \$45 million distributed to local units of government for local highway projects; and
- (vi) For the amount remaining after distribution for any outstanding TANs and the amounts listed in (iii)–(v) above, next in line are the following: (A) 2.25% to Homeowner Property Tax Relief under Section 63-3638(15), Idaho Code, (B) 3.25 % to the SDF Fund under Section 63-3638(18), Idaho Code, (C) \$125 million to the SMF Fund.

Thereafter, revenues are distributed to the Permanent Building Fund, Water Pollution Control Fund, the Idaho Housing and Finance Capital Reserve Fund, the Property Tax Relief Fund, the Idaho Public School Guarantee Fund, the Idaho Bond Bank Authority Fund, the Agricultural Equipment Property Tax Exemption Fund, and several other programs. All remaining revenue accrues to the General Fund.

Sales tax revenues attributed to the General Fund through April 2026 are approximately \$12,725,200 above of the official revenue forecast, which is a variance of 0.7%.

The following table provides a ten-year history of the annual amount of sales tax receipts attributed to the General Fund.

TABLE 11
State of Idaho
General Fund Sales Tax Receipts
(\$000s Omitted)

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 1,303,028	2021	\$ 2,004,203
2017	1,382,418	2022	2,195,368
2018	1,490,015	2023	2,299,158
2019	1,597,704	2024	1,823,862
2020	1,689,376	2025	1,749,383

Source: State Tax Commission

Corporate Income Tax (Title 63, Chapter 30, Idaho Code)

Effective January 1, 2025, collections from the corporate income tax are based on a flat rate of 5.3% applied to corporate taxable income. The corporate income tax rate was reduced each year from tax years 2021–2025, with 2021 at a rate of 6.5%, and 2024 at a rate of 5.695%. State law adopts the provisions of the Internal Revenue Code with certain exceptions, most commonly including the bonus depreciation provided for in Section 168(k) of the Internal Revenue Code. Corporate income tax revenues through April 2026 are approximately \$270,880,600 above the official revenue forecast, which is a variance of 57.8%.

An amount equal to 20% of the corporate income taxes collected by the State Tax Commission is deposited in the State Refund Account and held for individual and corporate tax refunds under Section 63-3067, Idaho Code. Any balance exceeding \$5,000,000 in the State Refund Account at the end of the year is transferred to the General Fund. An additional filing tax of \$10 per tax return is assessed, with proceeds distributed to the Permanent Building Fund. Idaho belongs to the multi-state tax compact which both brings in money to the state and costs the state each month. All other revenues from the corporate income tax accrue to the General Fund.

(Remainder of page intentionally left blank.)

The following table provides a ten-year history of the annual amount of corporate income tax receipts and the funds to which such receipts have been attributed.

TABLE 12
STATE OF IDAHO
CORPORATE NET INCOME TAX

Fiscal Year	General Fund Receipts	Permanent Building Fund	Total
2011	\$ 168,949,756	\$ 455,347	\$ 169,405,103
2012	187,014,165	453,269	187,467,434
2013	198,659,049	542,984	199,202,033
2014	188,291,425	479,133	188,770,558
2015	215,402,876	615,250	216,018,126
2016	186,869,097	694,432	187,563,529
2017	214,020,077	571,844	214,591,921
2018	238,708,456	822,338	239,530,794
2019	283,162,741	799,391	283,962,132
2020	243,336,892	690,618	244,027,510
2021	348,554,896	827,166	349,382,062
2022	1,039,159,286	1,131,867	1,040,291,153
2023	1,031,854,204	1,115,962	1,032,970,166
2024	867,489,709	1,230,842	868,720,551
2025	890,613,535	1,322,147	891,935,682

Source: State Tax Commission

Other Taxes

Cigarette Tax (Title 63, Chapter 25, Idaho Code). The State’s cigarette tax rate is 57 cents per pack of 20 cigarettes. The cigarette tax is used to fund various State funds and programs, namely the “Public School Income Fund” created under Section 33-903, Idaho Code, Department of Juvenile Corrections, the Permanent Building Fund, the Grant Anticipation Revenue Vehicle (“GARVEE”) Debt Service Fund, and the Secondary Aquifer Planning, Management, and Implementation Fund. After distributions are made to the above, any remaining revenue is deposited into the TECM Fund.

Tobacco Tax (Section 63-2552, Idaho Code). The State levies a 35% tax on the wholesale price of tobacco products, except for cigarettes. This entire amount, net of refunds, is remitted to the General Fund. An additional 5% of the wholesale price is also collected and distributed amongst various State funds and services. The total combined tax on cigars, however, is limited to 50 cents per cigar.

Beer Tax (Section 23-1008, Idaho Code). Effective July 1, 2026, a tax of \$4.65 per 31-gallon barrel, or its equivalent, is levied on beer containing less than 5% of alcohol by volume sold in the State. Beer containing more than 5% alcohol by volume is taxed at \$13.95 per 31-gallon barrel, or its equivalent. Of the total beer tax derived from beer containing not more than 5% of alcohol by volume, 20% is distributed to the Substance Abuse Treatment Fund, 33% to the Permanent Building Fund, and the remaining 42% being distributed to the General Fund. Of the total beer tax derived from beer containing more than 5% alcohol by volume, 12% is distributed to the Substance Abuse Treatment Fund, 5% is distributed to the Idaho Hop Grower’s Commission Fund, with the remaining 83% being distributed to the General Fund.

Wine Tax (Section 23-1319, Idaho Code). Wine sold in the State is taxed at a rate of \$0.45 per gallon. Of that total, 12% goes to the Substance Abuse Treatment Fund, 5% based on the sale of out-of-state wine and up to 88% based on the sale of “Idaho wine” goes to the Idaho Grape Growers and Wine Producers Commission Fund, and the remaining amount goes to the General Fund.

Kilowatt Hour Tax (Title 63, Chapter 27, Idaho Code). Revenue is derived from a one-half mill (\$0.0005) per kilowatt hour tax on hydro-generated electricity generated in the State. Power used by industrial consumers and for irrigation is exempt from this tax. All collections accrue to the General Fund.

Mine License Tax (Title 47, Chapter 12, Idaho Code). Revenue is derived from a 1% “profit” tax on State mining operations. For mining operations without a cyanidation facility, 50% is distributed to the General Fund. For mining operations with a cyanidation facility, 33% goes to the General Fund and 33% goes to the Cyanidation Facility Closure Fund. The balance for both types of mining operations goes to the Abandoned Mine Reclamation Fund.

Liquor Fund Revenues (Sections 23-217 and 23-404, Idaho Code). The State is a control state. Revenue is derived from liquor and related items sold by the Idaho State Liquor Division. State law provides for the distribution of profits from the Liquor Fund in various ways, including fixed funds and services, as well as a portion to the General Fund and proportional distributions to counties and cities.

Insurance Premium Tax (Title 41, Chapters 4, 34, and 39, Idaho Code). The State assesses a 1.5% tax on insurance premiums for policies written in the State. Premium taxes are collected on a quarterly prepayment basis based upon a percentage of the previous year’s business and the current year’s tax rate. Up to 20% of the tax collections are directed to the Insurance Refund Account, with statutorily defined excess amounts being transferred to the General Fund at the end of each fiscal year. Distributions are also made to the Fireman’s Retirement and Insolvency Administration funds and the Idaho High Risk Individual Reinsurance Pool.

LEGAL AND TAX INFORMATION

Litigation

There is no litigation pending or, to the best of the State’s knowledge, threatened against the State or its officers questioning the authority of the State to issue the Notes, which seeks to restrain or enjoin the issuance or delivery of the Notes or the collection of the General Tax Revenues pledged for the repayment of the Notes, or which materially impacts the finances of the State. At the time of the delivery of the Notes, the State Attorney General will provide an opinion that no such litigation is pending or, to the knowledge, information, and belief of the State Attorney General, threatened against the State or its officers.

The recent State Supreme Court case of *WAFD, Inc. v. Idaho State Tax Commission* concerned the interpretation of a 2021 change in the corporate income tax rate and whether the law expressly lowering the corporate tax rate for all years “on or after January 1, 2001,” only lowered the tax rate as of its effective date—January 1, 2021. Because WAFD’s fiscal year spanned both the old and new tax rate, it applied a “blended rate,” effectively prorating the taxes over the fiscal year to an effective rate of 6.607%. The Tax Commission rejected the blended rate and applied the higher rate of 6.95% to the *entire* fiscal year. After the Tax Commission’s rejection of WAFD’s petition for redetermination, it sought judicial review of the decision, succeeding on a motion for summary judgment in district court, which was subsequently appealed to the State Supreme Court.

The State Supreme Court unanimously affirmed the district court, holding that Section 63-3025, Idaho Code (2021) unambiguously imposed a 6.5% corporate tax rate for all taxable years commencing on and after January 1, 2001. The Court also rejected the Tax Commission’s argument that the subsequent 2022 and 2025 amendments to Idaho Code section 63–3025 were curative acts intended to retroactively limit the scope of the 2021 amendment.

The ultimate effect of this decision is unknown, and the Tax Commission still has the opportunity to seek reconsideration of the decision before it becomes final. If ultimately upheld, the impact on corporate income tax revenues collected by the State cannot be definitively quantified, as any impact would be contingent upon applications for refunds by corporations affected by the decision and subject to future legislative action which could retroactively limit the impact of the 2021 amendment.

Potential Conflicts of Interest

All or a portion of the fees of the underwriters, Disclosure Counsel, Municipal Advisor, and Bond Counsel are contingent upon the issuance and sale of the Notes. None of the officers of the State have any conflict of interest in the issuance of the Notes that is prohibited by applicable law.

Tax Matters

In the opinion of MSBT Law, Bond Counsel, based upon the analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code and is excluded from gross income for purposes of State personal income taxes. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax as defined in Section 55(b)(2) of the Internal Revenue Code under present federal income tax laws. Bond

Counsel notes that interest on the Notes may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

The Internal Revenue Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Notes. The State has made certain representations and covenanted to comply with certain restrictions, conditions, and requirements designed to ensure that interest on the Notes will not be included in gross income for federal income tax purposes. Failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes from the date of original execution and delivery of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and 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), or any matters coming to Bond Counsel's attention after the date of execution and delivery of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is excluded from gross income for purposes of State personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a beneficial owner's federal, state, or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Internal Revenue Code, or court decisions could cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status on such interest. The introduction or enactment of any such current or future legislative proposals, clarification of the Internal Revenue Code, or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, and regarding the impact of future legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

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 Notes 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 State, or about the effect of future changes in the Internal Revenue Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the IRS. The State has covenanted, however, to comply with the requirements of the Internal Revenue Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the State or the beneficial owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the State 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 Notes is difficult, obtaining an independent review of IRS positions with which the State legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of Notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the State or the beneficial owners to incur significant expense.

Tax Exemption

The State has covenanted to comply with the provisions of the Internal Revenue Code, which are necessary for interest paid on the Notes to be excluded from gross income for purposes of federal income taxation. The State has projected that the cumulative cash flow deficit to be financed by the Notes will exceed 90% of the proceeds of the Notes within six months of the date of the Notes. In the event that the gross proceeds of the Notes are not expended (within the meaning of Section 148(f)(4)(B) of the Internal Revenue Code) within six months of the date of issuance of the Notes, the State will cause to be rebated to the United States an amount equal to the excess earnings on all non-purpose investments, if any, over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Notes, plus any income attributable to such excess.

Approval of Legality

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving opinion of MSBT Law, Bond Counsel. Bond Counsel has reviewed the portions of this Preliminary Official Statement concerning the Notes, both on the cover and as set forth under the headings titled “Introduction,” “The Notes,” “Security and Sources of Payment” (except for statistical and financial data), and “Legal and Tax Information” (excluding the subheadings “Litigation” and “Potential Conflicts of Interest”), and has prepared the Plan of Financing set forth in Appendix B to this Preliminary Official Statement and the form of approving opinion of Bond Counsel set forth in Appendix C to this Preliminary Official Statement. Certain legal matters will be passed upon for the State by the Attorney General for the State.

CONTINUING DISCLOSURE UNDERTAKING

The State has covenanted in the Plan of Financing that it will provide, to the Municipal Securities Rulemaking Board (“MSRB”) via the Electronic Municipal Market Access (“EMMA”), notice of the occurrence of any of the following events with respect to the Notes in a timely manner not in excess of ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Notes, or other material events affecting the tax status of the Notes;
- (vii) modifications to rights of Noteholders, if material;
- (viii) Note calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Notes, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (xiii) 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;
- (xiv) appointment of a successor or additional trustee or the change in the name of a trustee, if material;
- (xv) incurrence of a financial obligation or agreement, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; or
- (xvi) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

If the State fails to comply with the foregoing disclosure undertakings, it will, within a reasonable time not in excess of ten business days following its ascertainment of such failure, provide notice to the MSRB via EMMA of any material failure of disclosure. The State has never failed to comply with a prior written continuing disclosure undertaking made pursuant to SEC Rule 15c2-12.

The continuing disclosure undertakings described above have been made for the benefit of the Noteholders. Noteholders may enforce specific performance of the undertakings by any available judicial proceeding. However, the failure of the State to perform the undertakings hereunder does not constitute an event of default with respect to the Notes, nor does such failure entitle any Noteholder to monetary damages.

OTHER NOTE INFORMATION

Ratings

Moody’s Investors Service and S&P Global Ratings, have assigned the Notes the ratings MIG 1 and SP-1+, respectively. An explanation of the significance of each such rating may be obtained from the respective rating agency. The State has furnished certain information and materials with respect to the State and the Notes to the rating agencies. 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 if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the credit ratings may have an adverse effect on the market price of the Notes.

Municipal Advisor

The State has retained Piper Sandler & Co., Boise, Idaho, as Municipal Advisor in connection with the preparation of the State’s financing plans and with respect to the authorization and issuance of the Notes. The Municipal Advisor is not obligated to undertake and has not undertaken to make any independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is a full service investment banking firm that provides Municipal Advisory and underwriting services to state and local governmental entities. While under contract to the State, the Municipal Advisor may not participate in the underwriting of the Notes.

Purchaser of the Notes

The Notes are being purchased by _____ (the “Purchaser[s]”) at [a price of \$ _____,][the prices listed below] and will be reoffered at a price of \$ _____][the prices listed below]. The Purchaser[s] may offer and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts) and others at prices lower than the initial offering prices set forth herein, and such initial offering prices may be changed from time to time by the Purchaser[s]. After the initial public offering, the public offering prices may be varied from time to time.

Purchaser	Amount Purchased	Purchase Price

Miscellaneous

All summaries herein of the provisions of the Constitution of the State, acts of the Legislature, other documents and instruments, and the Notes are made subject to all the detailed provisions and judicial interpretations thereof to which reference is hereby made for further information. Such summaries do not purport to be complete statements of any or all of such provisions.

All estimates and assumptions in this Preliminary Official Statement have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates and assumptions are correct. So far as any statements in this Preliminary Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

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This Preliminary Official Statement has been duly approved, executed and delivered by the State.

/s/ Julie A. Ellsworth
Julie A. Ellsworth, State Treasurer

Dated: June 10, 2026

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APPENDIX A
SELECTED DATA ON THE STATE OF IDAHO

**APPENDIX A
SELECTED DATA ON THE STATE OF IDAHO
AS OF MAY 1, 2026 UNLESS OTHERWISE SPECIFIED**

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APPENDIX A SELECTED DATA ON THE STATE OF IDAHO

Information presented in this Appendix A contains information on the basic structure of the State of Idaho's (the "State") governmental organization, economic and demographic information, finances, including details on the budget process, revenues, expenditures and reserves, cash management, pension programs, and outstanding indebtedness, as well as other information.

The State examines the economic, demographic and financial data (collectively, the "Economic Data") presented in Appendix A, and includes detailed citations as to the source and "as of date" of the data presented. The State monitors the sources of the Economic Data presented, and updates such Economic Data in a timely manner when new data is available from the cited sources.

As a result of the ongoing updates to Appendix A described in the foregoing paragraphs, there may be variations in the information presented in this Appendix A as compared to prior official statements of the State and State agencies.

INTRODUCTION

Idaho State Government

State Government in Idaho originates from the State Constitution adopted at the constitutional convention of August 6, 1889, and ratified by the people in November of the same year. The United States Congress approved the Constitution and admitted the State to the Union on July 3, 1890.

The Executive Department

The Idaho Executive Department consists of seven constitutionally empowered elected officials: Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction.

The Governor is vested with the "supreme executive power." The Governor appoints department heads and members of boards and commissions. On extraordinary occasions, the Governor can convene special sessions of the Idaho State Legislature (the "Legislature"). The Governor gives final approval, by signing, of bills passed by the Legislature, and has the power to veto bills but must list the objections. The Legislature can override a veto by a two-thirds vote of each chamber.

The Lieutenant Governor presides over the State Senate and, when the Governor is absent from the State, serves as Acting Governor. In case of vacancy for any reason in the Governor's office, the Lieutenant Governor succeeds to that office.

The Secretary of State is primarily a ministerial official. The Secretary of State is the custodian of records, including those of corporations, and of the Great Seal of the State of Idaho. The Secretary of State is the State's Chief Election Officer and has administrative duties as a member of the Board of Examiners, the State Land Board, and State Board of Canvassers.

The State Controller, as Chief Accounting Officer, is responsible for the accounting records and is the State's cash disbursement officer. The State Controller is also responsible for maintaining the Statewide system of internal control procedures. The State Controller is the State Administrator of Social Security, a member of the State Land Board, *ex officio* Secretary of the Board of Examiners, and a member of the State Board of Canvassers.

The State Treasurer, as Chief Financial Officer, receives all State revenues and fees and is cash manager and investor for all State revenues. The State Treasurer pays all State bills by redeeming State warrants and is custodian of the

Worker's Compensation Fund and the Public School Endowment Fund. The State Treasurer also is a member of the State Board of Canvassers, and serves as advisor to the Idaho Housing and Finance Association ("IHFA").

The Attorney General is the Chief State Legal Officer and represents State officers and agencies in legal matters. The Attorney General must provide legal opinions in writing when requested by government officials. The Attorney General is required to supervise all county prosecuting attorneys and to assist them in law enforcement if they so request. The Attorney General is in charge of consumer protection laws and has jurisdiction to enforce State antitrust laws. The Attorney General is a member of the Board of Examiners and the State Land Board.

The State Superintendent of Public Instruction is an *ex officio* and voting member of the State Board of Education, the executive officer of the State Department of Education and advisor to school districts on all aspects of education. The State Superintendent also is a member of the State Land Board and serves as *ex officio* member of the State Library Board.

Description of Area

Located in the northwestern portion of the United States, the State is bordered by Washington, Oregon, Nevada, Utah, Wyoming, Montana and Canada. The State's land area consists of 82,751 square miles of varied terrain.

The State has substantial water resources which have dominated its history and development. There are 26,000 miles of rivers and streams and more than 2,000 natural lakes. Three of the State's rivers—the Clearwater, the Kootenai and the Salmon—are more than half as large as the Colorado River. The Snake River Plain Aquifer is one of the largest fractured basalt aquifers in the world. Equally important to quantity is the quality of the State's waters, which remains outstanding. The drop in elevation of rivers such as the Snake allows valuable hydropower production, affording the State some of the lowest electricity rates in the nation.

The State enjoys a broad base of economic wealth ranging from extensive mining and timber resources to notably productive agricultural lands, which benefit from a highly developed series of man-made reservoirs and irrigation systems. More than four million acres are irrigated in the Snake River Basin, placing the State fourth in the nation for irrigated acreage.

The State traditionally has been an agricultural state. Livestock, beef and dairy cattle, and sheep are important to the economy, while the major crops of the State's farmers include potatoes, wheat, barley, sugar beets, peas, lentils, seed crops and fruit. Major manufacturing industries include food processing, forest products, phosphate processing, and electronics. Mining has played an important role in the development of the State, with phosphate rock, silver, lead, zinc and molybdenum among the resources mined.

STATE FINANCES

Annual Balanced Budget Requirement

Article VII, Section 11, of the Constitution requires the State to have a balanced budget annually and reads as follows.

"Expenditure not to exceed appropriation. No appropriation shall be made, nor any expenditure authorized by the legislature, whereby the expenditure of the state during any fiscal year shall exceed the total tax then provided for by law, and applicable to such appropriation or expenditure, unless the legislature making such appropriation shall provide for levying a sufficient tax, not exceeding the rates allowed in section nine of this article, to pay such appropriation of expenditure within such fiscal year. This provision shall not apply to appropriations or expenditures to suppress insurrection, defend the state, or assist in defending the United States in time of war." In addition to the constitutional requirement for a balanced budget, Sections 67-3512 and 67-3512A, Idaho Code, provide authority to the Governor and the Board of Examiners to reduce appropriations in order to meet the constitutional balanced budget requirement.

State statutes further provide the following:

“67-3512 Reduction of legislative appropriations. Any legislative appropriation made for any department, office or institution of the state may be reduced in amount by the state board of examiners upon investigation and report of the administrator of the division of financial management; provided, that before such reduction is ordered the head of such department, office or institution shall be allowed a hearing before said state board of examiners and may at such hearing present such evidence as he may see fit. No reduction of legislative appropriations made to executive department agencies shall be made without hearing unless and until the head of such department, office or institution shall file his consent in writing thereto. No reduction of legislative appropriations for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties. No reduction of legislative appropriations for the legislative and judicial departments shall be made without the permission in writing of the head of such department.”

“67-3512A Temporary reduction of spending authority. Whenever the governor as chief budget officer of the state may determine that the expenditures authorized by the Legislature for the current fiscal year shall exceed anticipated moneys available to meet those expenditures, the governor by executive order may reduce the spending authority on file in the office of the state controller for any department, office or institution of the state; provided, that no reduction of spending authority for the elected officers in the executive department shall be made to a level which prohibits the discharge of constitutional duties and provided that no reduction of spending authority for the legislative and judicial departments shall be made without the permission in writing of the head of such department. The head of any executive department, office or institution of the state may appeal the temporary reduction of spending authority to the state board of examiners, and the state board of examiners may, after hearing and consideration of evidence, restore said spending authority to its original level or to such lesser level as may be required to assist the state in maintaining a balanced budget. The governor may not temporarily reduce spending authority to a level lower than that required to insure that state expenditures do not exceed revenues. A temporary reduction of spending authority pursuant to this section shall not result in a reduction of appropriation. The governor at any time by executive order may restore spending authority which has been temporarily reduced to its original level.”

Statewide Accounting Policies and Practices

Luma is an Enterprise Resource Planning (ERP) system that all state agencies use for statewide unification in budget planning, financial management, procurement, payroll, and human capital management; it is the accounting system of record for the State and is maintained by the State Controller. The State maintains records on a budgetary (cash) basis during the fiscal year and records accrual entries for financial reporting purposes at fiscal year end.

The State Treasurer is responsible for the receipt and disbursement of all State moneys, management of all bank accounts, and investments of cash not required to meet immediate needs. Some funds are invested separately, and the remaining cash balances are combined for investment purposes. All interest earned is credited to the General Fund unless otherwise required by law or policy.

Cybersecurity

The State’s vision for cybersecurity is to create a resilient holistic cybersecurity culture that facilitates and protects the State, reduces risk and protects privacy. The State has implemented a required annual cybersecurity awareness training for all State employees, and this training will be expanded to include phishing resiliency training. State Executive Orders, the Idaho Technology Authority, policy, federal compliance, and strong leadership from Idaho Technology Service have shaped agencies strategic plans to enforce protection of personally identifying information by adhering to industry standard frameworks such as National Institute of Standards and Technology and the Center for Internet Security, which promote best cybersecurity practices and integrations. Additionally, the State maintains cybersecurity insurance for all State agencies.

Financial Reporting and Budgeting

The State produces an Annual Comprehensive Financial Report (“ACFR”) in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (“GASB”). The State’s ACFR can be viewed at <http://www.sco.idaho.gov>. The ACFR has received unmodified audit opinions from the State’s Legislative Service auditors and the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association every year from 1997–2023.

The State implemented its new ERP system, Luma, beginning Fiscal Year 2024. Luma was implemented as the prior ERP system was becoming obsolete and did not meet the business needs and reporting requirements of the State. Luma allows the State's payroll, budgeting, procurement and accounting systems to operate in one integrated, cloud-based platform. The implementation of Luma led to failures in financial recordkeeping, as described in the Independent Auditor's Report in the ACFR for Fiscal Years 2024 and 2025. Namely, the State did not maintain accurate records or supporting documentation for reporting Pooled Cash and Investments, Restricted Cash and Cash Equivalents, and related equity accounts. Reconciliations were also not performed to verify that Pooled Cash and Investments and Restricted Cash and Cash Equivalents amounts were supported by bank statements and correctly reported in the financial statements. Due to these issues, for the Fiscal Year 2024 and 2025 ACFRs, the State's Legislative Service auditors issued qualified opinions relating to several of the State's fund financial statements due to the lack of sufficient appropriate evidence upon which to base their opinion, also noting that the effects of undetected misstatements on the financial statements for Pooled Cash and Investments and related equity accounts, if any, could be material. The transition to Luma and associated issues described above were the primary cause for the delays in the release of the State's ACFR for Fiscal Years 2024 and 2025, respectively. The State is continuing to work on resolving these issues and implementing corrective measures.

The State Division of Financial Management ("DFM") prepares the Governor's Executive Budget (the "Executive Budget"), monitors legislative action involving the budget, and produces the revenue and economic forecasts. The Executive Budget and the General Fund Revenue Book are available at <http://www.dfm.idaho.gov>.

Revenue Projection Process

The Legislature's Joint Economic Outlook and Revenue Assessment Committee (the "EORAC") meets at the beginning of the legislative session to review the executive revenue forecast and advise legislative leadership concerning the viability of that forecast. See "Executive Revenue Forecasts."

The Legislature and the Governor have a constitutional responsibility to achieve a balanced budget. In January 2026, the EORAC recommended a Fiscal Year 2026 General Fund revenue projection of \$5,665,100,000, a 2.8% higher projection than the Governor's Fiscal Year 2026 General Fund revenue projection of \$5,512,600,000. Further, the EROAC recommended a revenue estimate of \$5,816,600,000 for Fiscal Year 2027, 2.4% above the Governor's revenue projection of \$5,679,200,000. The Legislative Joint Finance and Appropriations Committee adopted the EROAC's Fiscal Year 2026 and Fiscal Year 2027 revenue estimates.

Executive Revenue Forecasts

The executive branch forecasts General Fund revenues for use in the development of the Executive Budget and for management of current year fiscal operations. Official executive revenue forecasts are released two times each year, and monthly revenues are monitored year-round on an on-going basis. The semiannual forecast update cycle results in three separate executive revenue forecasts for each fiscal year. The first occurs in January, six months before the start of the fiscal year in question. The second is in August, at the beginning of the fiscal year in question. The third and final forecast is in January, midway through the fiscal year in question.

Unobligated Cash Balances

The General Fund unobligated cash balances at fiscal year-end for the past ten years are listed below. These figures represent the ending cash balance less encumbrances.

**TABLE A-1
UNOBLIGATED CASH BALANCES**

Fiscal Year	Unobligated Cash Balance
2017	100,886,700
2018	238,951,100
2019	101,396,200
2020	186,311,600
2021	889,524,100
2022	1,333,557,500
2023	416,363,400
2024	320,065,600
2025	313,670,400
2026 (est.)	32,175,300

Source: Division of Financial Management

STATE RESERVE FUNDS

The balances in the Budget Stabilization Fund (the “BSF”), the Public Education Stabilization Fund (the “PESF”), and the Higher Education Stabilization Fund (the “HESF”) at fiscal year-end are shown in Table A-2. A full description of each fund is included below.

**TABLE A-2
STATE RESERVE FUNDS**

Fiscal Year	Budget Stabilization Fund	Public Education Stabilization Fund	Higher Education Stabilization Fund
2017	319,105,480	85,042,698	8,866,231
2018	353,682,451	64,349,703	5,287,272
2019	373,182,609	81,728,540	7,730,161
2020	393,373,778	72,436,241	11,451,000
2021	677,730,614	95,633,668	14,251,588
2022	727,825,580	124,613,402	14,970,473
2023	847,825,580	205,700,400	13,375,100
2024	880,188,800	243,621,800	14,328,000
2025	880,188,800	254,186,100	21,758,000
2026 (est.)	880,188,800	262,561,800	29,410,300
2027 (est.) ⁽¹⁾	849,788,800	270,937,600	37,062,700

Note: Table does not tie to numbers in respective ACFR because Table A-2 only displays the unobligated balance available.

(1) The State anticipates making a transfer out of the Budget Stabilization Fund in Fiscal Year 2027 in accordance with Idaho Code Section 57-814.

Source: Division of Financial Management

Budget Stabilization Fund

Section 57-814, Idaho Code, creates the BSF in the State Treasury for the purpose of meeting General Fund revenue shortfalls and to meet expenses incurred as the result of a major disaster declared by the Governor. Interest earnings from the investment of moneys in this fund by the State Treasurer will be credited to the Permanent Building Fund subject to the provisions of Section 67-1210, Idaho Code.

actual general fund collections of the fiscal year just ending. The State Controller shall make the transfer upon the financial close of the current fiscal year. The amount of moneys in the BSF shall not exceed fifteen percent (15%) of the total General Fund receipts for the fiscal year just ending. The State Controller shall transfer moneys in the BSF in excess of the fifteen percent (15%) limit to the General Fund.

Public Education Stabilization Fund

Section 33-907, Idaho Code, created the PESF in the State Treasury as a fund detail of the Public School Income Fund. The PESF consists of moneys transferred to the fund according to the provisions of Sections 33-905 and 33-1018, Idaho Code, and any other moneys made available through legislative transfers or appropriations. Moneys in the PESF are continuously appropriated for the purposes stated in Section 33-1018, Idaho Code, and may only be expended for the purposes stated in Sections 33-1018 and 33-1018A, Idaho Code. Interest earned from the investment of moneys in the PESF will be retained in the PESF. Any accumulated balances in the PESF that are in excess of 15% of the current fiscal year's total appropriation of State funds for public school support will be transferred to the School District Facilities Fund. In the event moneys are withdrawn from the PESF for the circumstances authorized pursuant to Section 33-1018, Idaho Code, then the joint finance-appropriations committee will consider transferring the amount of the withdrawal as a supplemental appropriation to the PESF for the current fiscal year.

Higher Education Stabilization Fund

Section 33-3726, Idaho Code, created the HESF in the State Treasury as a strategic reserve to be utilized as a mitigation tool to minimize the impact of economic downturns on higher education in the State. Funding for the HESF is generated from two revenue sources, flowing into four accounts. The first account is established for and funded by the interest generated from the submission of tuition and fees to the State General Account. The second and third accounts are funded through the appropriation of surplus moneys in times of economic abundance. The fourth account was established by House Bill 459 in the 2016 legislative session and named the Community College Start-up Account. It can be funded by a specific appropriation for the formation of a new community college.

RETIREMENT SYSTEMS

Public Employee Retirement System of Idaho

Overview. The Public Employee Retirement System of Idaho (“PERSI”) is the retirement system for State public employees. Participation in PERSI is mandatory for eligible State and school district employees and is available to other public employers (e.g., political subdivisions) and their employees on a contractual basis. As of June 30, 2023, PERSI had 78,746 active members, 58,055 inactive members (of whom 16,875 are entitled to vested benefits), and 57,473 retired members or annuitants. In addition, as of June 30, 2025, there were 865 participating employers in the PERSI Base Plan (defined below) and total membership in PERSI was 194,274. PERSI collects contributions from employees and employers to fund retirement, disability, death, and separation benefits, as provided by Idaho Code.

PERSI is the administrator of seven fiduciary funds, including three defined benefit retirement plans, the Public Employee Retirement Fund Base Plan (“PERSI Base Plan”) the Firefighters’ Retirement Fund (“FRF”), and the Judges’ Retirement Fund (“JRF”); 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 for State employers and one for school district employers.

PERSI is governed by a board (the “Retirement Board”) consisting of five members, each appointed by the Governor to fill a five-year term. PERSI staff oversees the investment of trust corpus and new contributions with professional investment managers and funding agents. The Retirement Board maintains fiduciary responsibility for investment policy, asset allocation, and the selection of individual investment managers. The Retirement Board manages PERSI; its tasks include selecting the funding agents, establishing funding policy, and setting contribution rates.

PERSI prepares an Annual Financial Report. Information about this report may be obtained directly from PERSI, or online at <https://www.persi.idaho.gov/docs/news/publications/2025-PERSI-ACFR.pdf>. PERSI is a discretely presented component unit of the State, and its financial report is included in the State’s ACFR.

Defined Benefit Retirement Plans. The PERSI Base Plan is a cost-sharing, multiple-employer, defined benefit retirement plans that provide benefits based on members’ years of service, age, and highest average salary. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Title 59, Chapter 13, Idaho Code, governs the PERSI Base Plan.

Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification.

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivision employers contribute to PERSI. The number of participating employer units in the PERSI Base Plan as of June 30, 2024, and June 30, 2025, is shown below:

**TABLE A-3
PARTICIPATING EMPLOYER UNITS**

	<u>2025</u>	<u>2024</u>
Cities	163	161
School Districts	195	194
Highway and Water Districts	146	145
State Subdivisions	92	92
Counties	44	44
Other	225	226
Total	<u>865</u>	<u>862</u>

Source: Public Employee Retirement System of Idaho, 2025 Annual Comprehensive Financial Report.

**TABLE A-4
PRINCIPAL PARTICIPATING EMPLOYERS, 2023**

<u>Participating Employers</u>	<u>Covered Employees</u>	<u>Rank</u>	<u>% of Total</u>
State of Idaho	18,163	1	23%
West Ada County School District	4,014	2	5%
Boise Ind School District	3,001	3	4%
Ada County	2,014	4	3%
City of Boise	1,751	5	2%
Bonneville School District	1,476	6	2%
Pocatello School District	1,432	7	2%
Nampa School District	1,260	8	2%
Idaho Falls School District	1,162	9	1%
Vallivue School District	1,121	10	1%
All Other	43,352		55%
Total 865 employers	<u>78,746</u>		<u>100%</u>

Source: Public Employee Retirement System of Idaho, 2025 Annual Comprehensive Financial Report.

The number of PERSI Base Plan benefit recipients and members as of June 30, 2024, and June 30, 2025, is shown below:

**TABLE A-5
PERSI BASE PLAN BENEFIT RECIPIENTS AND MEMBERS**

<u>Base Plan</u>	<u>2025</u>	<u>2024</u>
Active Participants	78,746	78,354
Vested - Base Plan	45,841	45,229
Non-vested - Base Plan	32,905	33,125
Retirees and Beneficiaries	57,473	56,084
Terminated and vested	16,875	16,546
Terminated and non-vested	41,180	38,508
Total membership	<u>194,274</u>	<u>189,492</u>

Source: Public Employee Retirement System of Idaho, 2025 Annual Comprehensive Financial Report.

Contributions. PERSI’s funding policy for the PERSI Base Plan is determined by the Retirement Board within limitations defined by State law. Funding policy provides for periodic employer contributions at actuarially determined rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates are determined using the individual entry age actuarial cost method for the PERSI Base Plan. Under the individual entry age actuarial cost method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the PERSI Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. The payroll for employees covered by the PERSI Base Plan and was approximately \$4.77 billion for the year ended June 30, 2025.

From 1994 to 2018, the total contribution rate was between 15.78% and 18.75%. There was no change in the contribution rate from 2013 to 2018. The contribution rate increased in 2019, 2021, and each year from 2023 through 2025, up to 20.79% effective July 1, 2025.

**TABLE A-6
FY 2025 CONTRIBUTION RATES**

	<u>Member</u>			<u>Employer</u>		
	<u>General</u>	<u>School Employees</u>	<u>Fire/ Police</u>	<u>General</u>	<u>School Employees</u>	<u>Fire/ Police</u>
Contribution Rate	7.18%	8.08%	10.36%	12.28%	13.48%	13.98%

Source: Public Employee Retirement System of Idaho, 2025 Annual Comprehensive Financial Report.

Major PERSI experience studies are completed every 4 years. The most recent experience study was completed in 2025. The July 1, 2022 actuarial valuation found that PERSI’s contribution rates were insufficient to amortized the unfunded actuarial accrued liability within 25 years of the valuation date. Therefore, in October 2022, the PERSI Board approved three contribution rate increases to take effect: 1.25% on July 1, 2024, 2.50% on July 1, 2025, and 3.75% on July 1, 2026. On July 1, 2024, the first of these rate increases went into effect. In October 2024, the remaining two scheduled rate increases were each delayed one year. In May 2025, the 2.50% increase was again delayed one more year, and the 3.75% increase was delayed an additional year and reduced to 1.25%.

As of July 1, 2025, there is an unfunded actuarial liability of \$2,506.5 million. The contribution rates currently scheduled are projected to take 8.2 years to pay off the \$2,506.5 million Unfunded Actuarial Accrued Liability (“UAAL”) which is less than the 25-year amortization period required by statute.

Funding Status: Based on the July 1, 2025, actuarial valuation, the unfunded actuarial accrued liability was decreased by \$976.2 million due to an asset gain recognized as of July 1, 2025. Specifically, PERSI's assets earned a net return after expenses of 10.76%, which is 4.46% above the actuarial assumption of 6.30%. All other actuarial experience gains and losses increased the UAAL by \$114.6 million. Thus, the total experience gain for the year was \$861.6 million.

In addition, the UAAL increased by \$47.6 million due to the scheduled contribution rate changes approved by the PERSI Board. The UAAL also increased by \$38.8 million due to the March 1, 2025 retro-Postretirement Allowance Adjustment of 0.30%.

The UAAL also decreased by \$556.1 million due to assumption changes, and the UAAL increased by \$48.1 million because expected contributions plus assumed investment returns were less than the normal cost and the interest on the UAAL.

All of these items resulted in a decrease in UAAL of \$1,283.2 million and a change in funding status from an 85.4% funding ratio on July 1, 2024, to 90.6% on July 1, 2025. The funding ratio is the ratio of the fair value of the assets over the value of the actuarial accrued liability.

The following table displays the funded status on an actuarial value basis for the PERSI Base Plan:

TABLE A-7
FUNDED STATUS ON ACTUARIAL VALUE BASIS—PERSI BASE PLAN
(dollars in millions)

Actuarial Valuation Date July 1	Fair Value of Assets	Actuarial Accrued Liabilities (AAL) ⁽¹⁾	Present Value of Future ORP Contributions	Unfunded	Funded Ratio ⁽³⁾	Covered Payroll ⁽⁴⁾	UAAL as a Percentage of Covered Payroll
				Actuarial Accrued Liabilities (UAAL) ⁽²⁾			
2016	\$13,884.2	\$ 16,128.3	\$ 38.0	\$ 2,206.1	86.3%	\$2,909.3	75.8%
2017	15,296.7	17,101.0	37.7	1,766.6	89.6	3,089.6	57.2
2018	16,274.8	17,899.0	34.1	1,580.1	91.2	3,200.4	49.4
2019	17,239.5	18,661.7	31.0	1,391.2	92.5	3,382.1	41.1
2020	17,392.1	19,852.3	27.0	2,433.2	87.7	3,546.0	68.6
2021	21,770.7	21,840.7	21.0	49.0	99.8	3,716.7	1.3
2022	19,349.5	23,433.1	16.4	4,077.2	82.6	3,927.0	103.8
2023	20,695.8	24,726.9	12.0	4,019.1	83.7	4,234.2	94.9
2024	22,131.8	25,928.0	6.5	3,789.7	85.4	3,789.7	82.9
2025	24,138.9	26,645.4	-	2,506.5	90.6	4,770.6	52.5

(1) Actuarial present value of benefits less actuarial present value of future normal costs based on entry age actuarial cost

(2) Actuarial accrued liabilities less actuarial value of assets and present value of future ORP (defined herein) contributions. Amounts reported in this table do not include the value of any discretionary PAA or Gain Sharing allocations granted after the valuation date. If negative, amount is referred to as a funding reserve method.

(3) Funded Ratio is the ratio of the actuarial value of assets over the actuarial accrued liabilities less the present value of future ORP contributions.

(4) Covered Payroll includes compensation paid to all active employees on which contributions are calculated during the fiscal year ending on the actuarial valuation date. Covered Payroll differs from the Active Member Valuation Payroll shown in Exhibit 2 to PERSI's 2025 ACFR, which is the annualized rate of pay of those members who were active on the actuarial valuation date.

Source: Public Employee Retirement System of Idaho, 2025 Annual Comprehensive Financial Report.

The net position for all pension and other funds administered by PERSI increased \$2.3 billion during Fiscal Year 2025 and increased \$1.7 billion during Fiscal Year 2024. All of the plans experienced investment gains in Fiscal Year 2025 as a result of positive market performance. Net investment income for all of the funds administered by PERSI for the fiscal years ended June 30, 2025, and June 30, 2024, was \$2.7 billion and \$2.1 billion, respectively.

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The table below details the analysis of actuarial gains and losses:

TABLE A-8
ANALYSIS OF ACTUARIAL GAINS OR LOSSES—PERSI BASE PLAN
(dollars in millions)

	Gain (Loss) for Period		
	2024-2025	2023-2024	2022-2023
Investment Income			
Investment income was greater (less) than expected	\$ 976.2	\$ 520.5	\$ 539.3
Pay Increases			
Pay increases were less (greater) than expected	(58.3)	(157.4)	(206.9)
Membership Growth			
New members increased liabilities by less (more) than their contributions increased assets	(3.3)	(0.7)	(1.3)
Postretirement Allowance Adjustment (PAA)			
Different automatic PAA than expected	0.0	0.0	0.0
Other Retired Member Experience			
Retirees died younger (lived longer) than expected and miscellaneous retiree gains (and losses) resulting from other causes	(21.9)	(31.7)	(10.7)
Other Active and Inactive Member Experience			
Members retiring at different times than expected and miscellaneous gains (and losses) resulting from other causes	(31.1)	30.1	(207.2)
Total Gain (Loss) During the Period From Actuarial Experience	861.6	360.8	113.2
Contribution Income			
Expected contributions and asset returns were greater (less) than the normal cost and interest on the Unfunded Actuarial Accrued Liability	(48.1)	(131.8)	(132.4)
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss)	556.1	None	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss) ⁽¹⁾	(38.8)	None	(22.9)
Change in Future Contribution Rates ⁽²⁾	(47.6)	0.4	100.2
Composite Gain (Loss) During the Period	\$ 1,283.2	\$ 229.4	\$ 58.1

Note: Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the unfunded actuarial accrued liability.

⁽¹⁾ For 2024-25, this reflects the 0.30% retro-PAA, effective March 1, 2025. For 2022-23, this reflects the Return to Work provision.

⁽²⁾ For 2022-23, this reflects the October 2022 Board decision to adopt a 1.25% contribution rate increase effective July 1, 2024, an additional 2.50% increase effective July 1, 2025, and an additional 3.75% rate increase effective July 1, 2026. For 2023-24, this reflects the September 2023 Board decision to, as a response to the new return to work law for safety members, implement a temporary 1.14% increase in Safety contributions rates for July 1, 2024, to June 30, 2027. For 2024-25, this reflects the Board decisions to delay the 2.50% contribution rate previously scheduled for July 1, 2025, to July 1, 2027, delay and reduce the 3.75% contribution rate scheduled for July 1, 2026, to a 1.25% increase scheduled for July 1, 2028, and to end, effective April 1, 2025, the temporary 1.14% Safety contribution rate for the 2023 return to work law (previously scheduled to end July 1, 2027).

Source: Public Employee Retirement System of Idaho, 2025 Annual Comprehensive Financial Report, Milliman Actuarial Section

Defined Contribution Retirement Plans. The PERSI Choice Plans are defined contribution retirement plans, governed by Title 59, Chapter 13, Idaho Code, and made up of a qualified 401(k) plan and a 414(k) plan. The assets of the two plans within the PERSI Choice Plans are commingled for investment and recordkeeping purposes.

The 401(k) portion of the PERSI Choice Plans was established in 2001 and is open to all active PERSI members. This allows employees to make tax-deferred contributions of up to 100% of their gross salary, less deductions and subject to the Internal Revenue Service annual contribution limit, and provides for voluntary employer matching contributions at rates determined by the employers.

The 414(k) portion of the PERSI Choice Plans was established for gain sharing allocations from the PERSI Base Plan. The gain sharing amount (if any) is based on funding levels in the PERSI Base Plan and is subject to approval by the Retirement Board.

All PERSI employer units are eligible to have participating employees in the PERSI Choice Plans. As of June 30, 2025, there were 45,226 participants with balances in the PERSI Choice Plans.

Optional Retirement Program

Certain employees of State higher education institutions are eligible to participate in an optional retirement program (“ORP”) established under Sections 33-107A and 33-107B, Idaho Code, by the State Board of Education. Commencing July 1, 2007, 1.49% of the payroll of higher education faculty and staff covered by the ORP was payable to PERSI until July 1, 2025. From July 1, 1997 to July 1, 2011, 3.83% of the payroll of faculty and staff at post-secondary professional-technical education institutions covered by the ORP was payable to PERSI. Effective July 1, 2011, this 3.83% is payable to the ORP. The payments to PERSI are in lieu of amortization payments and withdrawal contributions otherwise required under PERSI statutes related to future payments to higher education employees who elected to remain in PERSI. The ORP is a portable, multiple-employer, defined contribution retirement plan in accordance with Internal Revenue Code section 401(a). The total contribution rate is the same for all employees, with a portion of the employer’s contribution for ORP members that are four-year institutions (pursuant to Idaho Code §33-107A) being credited to the employee’s account and a portion to the PERSI unfunded liability until 2025. As of July 1, 2025, there will be no more payments.

Other Postemployment Benefits

GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, establishes standards for the measurement, recognition, and display of other postemployment benefits (“OPEB”) expense/expenditures and related liabilities/assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The State implemented GASB Statement No. 75 in Fiscal Year 2018. GASB Statement No. 75 replaced GASB Statement No. 45, changing OPEB reporting to be more extensive and standardized among reporting entities, the most significant change being no longer reporting the UAAL for the specific plan in the notes of the financial statements and instead recognizing the UAAL on the balance sheet of individual employers.

The requirements of GASB Statement No. 45 became effective in Fiscal Year 2008. The State retained Milliman to calculate the State’s liability for its postemployment benefits. The initial report, dated August 20, 2007, estimated the State’s OPEB liability to be \$514.9 million at June 30, 2010. The legislation passed during the 2009 legislative session described below reduced this liability.

Legislation passed during the 2009 Legislative Session made changes to State law regarding eligibility and management of health insurance for active employees and retirees of State service. Since July 1, 2009, each eligible retiree has received \$155 each month or \$1,860 per year toward his/her premiums for health insurance. Any retiree who was eligible (whether or not he/she was on the State plan) may remain so until he/she becomes eligible for Medicare. Since January 1, 2010, retired personnel health care coverage has not been available to Medicare-eligible retirees or their Medicare-eligible dependents. A non-Medicare-eligible spouse will be eligible for coverage on a State-sponsored health insurance plan until becoming eligible for Medicare.

In the future, an employee will be eligible for health care coverage when he/she retires if he/she:

- (i) was an active employee on or before June 30, 2009;
- (ii) is eligible for a retirement benefit from PERSI with at least 20,800 hours of credited State service; and
- (iii) retires directly from State service.

Persons with previous State employment who retire from another employer are unable to obtain coverage under the State-sponsored plan. Any employees or elected officials rehired, reelected, or reappointed on or after July 1, 2009, will be eligible for retiree coverage if they had at least ten years of previously credited State service before June 30, 2009, accumulate an additional three years of credited State service, and are otherwise eligible.

The following table summarizes the Total OPEB Liability and OPEB Expense by plan as of June 30, 2025.

**TABLE A-9
OPEB VALUATION RESULTS**

Plan	Total OPEB Liability June 30, 2024	Total OPEB Liability June 30, 2025	OPEB Expense July 1, 2024 to June 30, 2025
Retiree Healthcare	\$ 5,975,000	\$ 5,922,000	\$ (635,000)
LTD Healthcare	1,060,000	959,000	272,000
C&U Life	57,915,000	48,705,000	2,090,000
Judicial Life	22,988,000	19,529,000	1,714,000
DOL Life	777,000	670,000	(28,000)
Total	\$ 88,715,000	\$ 75,785,000	\$ 3,413,000

Source: Milliman, State of Idaho Retiree Healthcare, LTD and Life Benefits – GASB 75 Disclosure for Fiscal Year Ending June 30, 2025

DEBT MANAGEMENT AND ENHANCEMENT PROGRAMS

Idaho Credit Rating Enhancement Committee

In 2005, the Legislature created the Idaho Credit Rating Enhancement Committee (“CREC”) in the office of the State Treasurer (Sections 67-1224 and 67-1225, Idaho Code). The purpose of this committee is to advise the Governor and the Legislature regarding policies and actions that enhance and preserve the State’s credit rating and maintain the future availability of low-cost capital financing. In 2010, the committee adopted the “State of Idaho Debt Management Policy,” the purpose of which is to provide policymakers with information that will enable informed decision-making regarding financing proposals and debt issuance. The State of Idaho Debt Management Policy was amended in April 2019 to provide updates reflecting input from CREC members and State Treasurer’s Office staff and was renamed the “Idaho Credit Rating Enhancement Committee Policy” to better describe the intent of the policy. The Idaho Credit Rating Enhancement Committee Policy was most recently amended on November 22, 2021. A copy of the policy can be found on the State Treasurer’s web site at <http://sto.idaho.gov/>. This inactive textual reference to the website is not a hyperlink and the website, by such reference, is not incorporated herein.

Idaho School Bond Guaranty Act

The Idaho School Bond Guaranty Act (the “Guaranty Act”), Title 33, Chapter 53, Idaho Code, and the Credit Enhancement Program for School Districts (the “Credit Enhancement Program”), Idaho Code Section 57-728, were enacted for the purpose of establishing a default avoidance program for voter-approved general obligation bonds issued by State public school districts. Created in 1999 by the Legislature, the Guaranty Act and the Credit Enhancement Program have been revised by subsequent legislation to clarify guaranty limits and procedures.

Amending legislation, passed in 2009, clarified technical aspects of the Guaranty Act and the Credit Enhancement Program and created a two-tiered system of credit enhancement.

The Guaranty Act provides a pledge of the State sales tax to guarantee timely payment of the principal of and interest on the guaranteed bonds. Under the Guaranty Act, if a school district does not make timely payment of debt service on guaranteed bonds, the State Treasurer is required to gather sufficient funds to make the debt service payment on the guaranteed bonds from one or more of the following sources:

- (i) intercepting all or a portion of any payments from any source of operating moneys provided by the State to the school district that would otherwise be paid to the school district by the State (the “Interceptable Funds”);
- (ii) requesting the State Controller to transfer to the Public School Guaranty Fund moneys from the State General Fund representing sales tax receipts of the State in an amount not to exceed the scheduled debt service payment;
- (iii) issuing notes; or
- (iv) negotiating a voluntary loan from funds administered by the Endowment Fund Investment Board.

Any of the actions under (ii), (iii), and (iv) above are required to be repaid by the school district and such repayment obligation is subject to the intercept of future Interceptable Funds due to the school district.

If a school district is approved to participate in the Guaranty Act, it may also request approval from the Endowment Fund Investment Board to participate in the Credit Enhancement Program, which provides back-up liquidity provisions to the Guaranty Act. The 2016 Legislature approved a bill that increased the capacity of the Credit Enhancement Program from \$800,000,000 to \$1,200,000,000. The Credit Enhancement Program makes \$300,000,000 available from the Public School Endowment Fund to purchase any general obligation notes issued by the State Treasurer pursuant to the Guaranty Act. The amount of debt guaranteed by the Credit Enhancement Program may not be greater than four times the amount made available by the Public School Endowment Fund, which limits the guaranty of the Credit Enhancement Program to \$1,200,000,000 of outstanding principal of bonds. Participation in the Credit Enhancement Program is limited to \$40,000,000 in the aggregate per school district.

The Guaranty Act provides that the State Treasurer may issue a certificate of eligibility which will be printed on the bonds and which is good for the life of the bonds.

As of June 30, 2025, \$893,348,996 in principal is outstanding under the Guaranty Act. Of the amount outstanding under the Guaranty Act, \$463,162,205 in principal is outstanding under the Credit Enhancement Program.

Idaho Bond Bank Authority

Idaho Code Title 67, Chapter 87, the “Idaho Bond Bank Authority Act,” was created pursuant to a constitutional amendment and took effect in 2001 (the “Bond Bank Act”), creating an independent public body corporate and politic to be known as the Idaho Bond Bank Authority (the “Authority”). The Authority is declared to be an instrumentality of the State within the State Treasurer’s Office, but with a legal existence independent of and separate from the State. The Authority consists of five members: the State Treasurer or his or her designee, one member of the State Senate appointed by the president *pro tempore* of the Senate, one member of the State House of Representatives appointed by the Speaker of the House, and two members appointed by the Governor. The Authority is authorized, among other powers, to issue bonds payable from or secured by municipal bonds or notes of one or more municipalities (including cities, counties, school districts, and other political subdivisions), to purchase municipal bonds, to pledge sales tax revenues of the State as a source of payment or security for bonds issued by the Authority, and to establish debt service reserve funds for its bonds.

The Bond Bank Act provides an intercept mechanism whereby the State Treasurer may make payments on the bonds of participating municipalities and, if reimbursement is not timely made, intercept the receipt of any payment of property taxes, sales tax moneys to be distributed to the defaulting municipality, or any other source of operating moneys provided by the State to the defaulting municipality. Such State intercept operates by force of law and not by consent of the municipality. In addition, if moneys expected to be intercepted pursuant to the intercept mechanism are expected to be insufficient to reimburse the State for its payments on the bonds, the State Treasurer will cause

moneys to be transferred from the State sales tax account and deposited into the Authority's fund (so long as such transfer does not "impede or otherwise affect the payment of sales tax moneys pledged for the payment on other outstanding State bonds"). Any pledge of sales tax revenues made by the Authority is a binding lien on the sales tax revenues so pledged.

As of June 30, 2025, the Idaho Bond Bank Authority had \$163,635,000 in principal outstanding.

Debt Management for Guaranty Act and Authority Debt

Bonds issued by the Authority and bonds guaranteed under the Guaranty Act are both secured by the State sales tax. In 2012, the Authority implemented a debt capacity policy with respect to the utilization by both programs of the sales tax pledge. The Authority's debt capacity policy states that the combined maximum annual debt service issued by the Authority and guaranteed under the Guaranty Act can be no greater than 20% of the State sales tax moneys collected by the State during the most recent fiscal year for which audited financial statements are available. State sales tax collections totaled \$3,171,000,000 in Fiscal Year 2024 providing MADS capacity of \$634,200,000. As of July 1, 2025, the combined MADS on bonds guaranteed under the Guaranty Act and bonds issued by the Authority as of July 1, 2025 was \$150 million. Therefore, the two programs were utilizing 23.7% of the amount allowed under the debt capacity policy.

Public Charter School Facilities Program Fund

In 2019 the Idaho Legislature created the "Public Charter School Facilities Program" in Idaho Code Section 33-5218 (the "PCSFP") to assist qualifying charter schools in obtaining favorable financing on bonds for facility improvements and construction. The PCSFP is considered a moral obligation of the State. The operation of the PCSFP centers on the Debt Service Reserve Fund (the "DSRF"), held by a bond trustee that is initially funded by each individual charter school that utilizes the PCSFP in conjunction with a charter school's bond sale to fund or refund capital improvements to their facilities. The DSRF is typically funded at maximum annual debt service. The PCSFP provides a mechanism for the State to replenish any draws on the DSRF from funds available in the Public Charter School Facilities Program Fund and to request an appropriation from the State Legislature to replenish the DSRF to the required deposit and/or replenish the amount drawn from the Public Charter School Facilities Program Fund.

Charter schools issuing bonds through the PCSFP must receive approval from IHFA for issuance of nonprofit facility bonds and meet other specific requirements of the PCSFP which include, among other things: i) a directive from the charter school to the Idaho Department of Education that all payments to the charter school pursuant to the state educational support program shall be paid directly to a bond trustee to set aside funds for debt service in accordance with the bond indenture; (ii) evidence from charter school authorizer that school has been in academic, operational, and financial good standing for each of the previous three years; (iii) annual budgets and cash flow statements projecting that the cost to operate the facility, including debt service, future occupancy cost, and facility operating expenses, will not exceed 20% of ongoing revenues with certification from the school's board chair or treasurer that projected future budgets and cash flows are based on reasonable assumptions related to level or increasing projected enrollment or waitlist and projected total income, including any matching funds and donations contingent on receipt of a bond proceeds; (iv) evidence that the school has operating reserves greater than 60 days cash on hand a debt service coverage ratio equal to or greater than 1.20; (v) clean audit opinions for prior three years; (vi) evidence of strong academic results, including above state-average growth or proficiency on the Idaho standards achievement test.

Effective July 1, 2025, the PCSFP limits the maximum aggregate annual debt service of all bonds outstanding under the PCSFP to not exceed the amount in the Public Charter School Facilities Program Fund. As of July 1, 2025, the amount in the Public Charter School Facilities Program Fund totaled \$58,503,584 and the maximum aggregate annual debt service of bond outstanding under the PCSFP was \$10,693,734.

OUTSTANDING OBLIGATIONS OF THE STATE AND ITS INDEPENDENT AGENCIES

The State has no outstanding general obligation bond debt.

State Tax Anticipation Notes

The State periodically issues tax anticipation notes for cash flow purposes. The State has not issued a tax anticipation note during Fiscal Year 2026.

Capital Lease Obligations

As of July 1, 2025, the State had a total of \$49.1 million in lease obligations greater than \$100,000 at 25 state agencies with the longest lease maturing in 2050.

Idaho Housing and Finance Association and Transportation Project Financing

IHFA (formerly the Idaho Housing Agency) was created in 1972 to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons and families of low income residing in the State and to coordinate and encourage cooperation among private enterprise and State and local governments to sponsor, build, and rehabilitate residential housing for such persons and families. IHFA has since been granted authority to finance nonprofit, transportation, economic development and employment benefit projects.

The IHFA is governed by seven commissioners, appointed for alternating four-year terms by the Governor of the State, one of whom is selected chairman by the Governor. The vice chairman and secretary-treasurer are elected annually by the entire Board of Commissioners. The State Treasurer serves as an advisor to the Commissioners. The IHFA has no taxing power and neither the State nor any political subdivision thereof is liable for its bonds or other indebtedness. The IHFA's mortgage loans are either guaranteed by Federal agencies, insured by private mortgage guarantee policies, or collateralized by the IHFA's net assets.

Transportation Project Financing - GARVEE. The 2005 Legislature enacted legislation that authorized the issuance of Grant Anticipation Revenue Vehicle ("GARVEE") debt instruments (bonds or notes) to enable the State to finance State transportation infrastructure projects and to pay debt service and other bond-related expenses with future federal aid highway apportionments. The legislation states that the bonding authority "should be used in a manner that does not obligate future legislatures or governors for additional bonding and be used to finance projects which are of the highest critical need based on safety, traffic volume or projected demand."

The IHFA has issued \$1,364,480,000 in GARVEE bonds (including refunding issues), of which \$483,300,000 were outstanding as of July 1, 2025. There is no authorized but unissued GARVEE bond authority at this time. The GARVEE bond legislation does not authorize or pledge State General Fund revenues to make payments on GARVEE debt instruments.

Transportation Project Financing – TECM. The 2021 Legislature enacted legislation that transferred \$80 million annually from State sales tax receipts to the Transportation Expansion and Congestion Mitigation ("TECM") fund that has been utilized by the Idaho Transportation Department for large infrastructure projects on the State's highway system and a supporting bonding program. In the 2025 legislative session, the Legislature authorized an increase of \$20 million each year from 2026-2028, totaling an additional \$60 million for an annual transfer of \$140 million of sales tax distributions to this fund. The legislation provides the option for additional bonding capacity of approximately \$1.0 billion. The IHFA has issued \$1.19 billion in TECM bonds of which \$1.18 billion remain outstanding as of July 1, 2025.

State Universities

The State's colleges and universities utilize revenue bonds to finance and refinance construction projects. These revenue bonds are secured by student fees, revenues from sale of goods and services, contributions, and certain other revenues. The foundations of the State's colleges and universities also issue revenue bonds secured by donations, leases and other revenues. State general fund revenues are not pledged or used to support bonds of the State's colleges and universities or bonds issued by their foundations.

Idaho State Building Authority

The Idaho State Building Authority (the “Building Authority”), established in 1974, is a body corporate and politic of the State, created as a public instrumentality by the Idaho State Building Authority Act, being Title 67, Chapter 64 of the Idaho Code, as amended, for the purpose of assisting in the acquisition, construction, operation, and financing of State governmental facilities and the facilities of community college districts. The Building Authority is authorized to issue its bonds or notes to finance governmental facilities pursuant to agreements entered into with departments, boards, commissions, or agencies of the State (“State Bodies” or “State Body”) or with community college districts, subject to prior approval of the Legislature by concurrent resolution. To that end, the Building Authority issues bonds secured by annual rent equal to debt service on such bonds for the applicable fiscal year, plus certain administrative costs of the Building Authority and any required deposits to reserve or operating funds or accounts for such fiscal year, payable by the State, acting by and through one or more State Bodies or with community college districts under the terms of lease agreements relating to the project or projects being financed or refinanced, as applicable, by such bonds. All lease agreements are subject to annual renewal by State Bodies or community college districts and the annual rents payable thereunder are subject to annual appropriation. Annual rent for each lease agreement is due and payable in full within 30 days after commencement of each annual lease term.\

The Building Authority was authorized to issue bonds under a new program initiated by House Bill 521, as amended by House Bill 766, by the 2024 Legislature (collectively herein, the “School Modernization Law”). The School Modernization Law establishes the School Modernization Facilities Fund (the “SMF Fund”) to provide funds to eligible school districts for school facility construction, renovation, or maintenance needs, provides for the continuous appropriation of sales tax revenues, and authorizes the Authority to issue bonds for the State Department of Education secured by unobligated funds of the SMF Fund. There have been two series of Sales Tax Revenue Education Bonds (School Modernization Facilities Fund) (collectively, the “Sales Tax Revenue Bonds”) issued under a General Trust Indenture dated as of October 1, 2024, as supplemented. The Sales Tax Revenue Bonds are payable from continuous appropriations of \$125 million annually of State sales tax revenues to the SMF Fund pursuant to Sections 63-3638(19), and 33-912, Idaho Code.

The Building Authority is governed by seven commissioners appointed by the Governor to serve staggered five-year terms. The commissioners of the Building Authority, in turn, appoint an executive director.

Bonds, notes, or other obligations of the Building Authority do not constitute an indebtedness or obligation of the State or of any department, board, commission, agency, political subdivision, body corporate and politic, or instrumentality of or municipality or county within the State, nor do they constitute the giving or loaning of credit of the State or any department, board, commission, agency, political subdivision, body corporate and politic, instrumentality of, or municipality or county within the State. The Building Authority has no taxing power.

In Fiscal Year 2025, the total amount of rent paid under the facilities leases by the State to the Building Authority was \$14,366,359. As of July 1, 2025, total outstanding bond and note principal of the Building Authority for Leased Facilities was \$148,830,000. The total outstanding bond and note principal of the Building Authority for Sales Tax Revenue Bonds as of July 1, 2025 was \$888,465,000.

THE INITIATIVE PROCESS

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

In 1997, the State Legislature enacted significant procedural pre-requisites including signature distribution requirements, to qualify an initiative or referendum measure for submittal to the electors. Any person may file a proposed measure with the signatures of 20 qualified electors of the State with the Idaho Secretary of State’s office. The Idaho Attorney General is required by law to review and make recommendations (if any) on the petition to the petitioner before issuing a certificate of review to the Secretary of State. The petitioner then, within 15 working days, files the measure with the Secretary of State for assignment of a ballot title and submittal to the Attorney General. The Attorney General, within 10 working days thereafter, shall provide a ballot title for the measure. Any elector that

submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Idaho Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the form of the petition has been approved by the Secretary of State, the proponents of the measure will print the petition and, during an 18-month circulation period or until April 30 in an election year, whichever occurs first, may start gathering the petition signatures necessary to place the proposed measure on the ballot.

To be placed on a general election ballot, the proponents must submit, not less than four months prior to the election, to the Secretary of State petitions signed by a number of qualified voters equal to at least 6% of the qualified electors in a majority of the State's 35 legislative districts, and the total number of signatures must be 6% of the total registered voters of the State, which is approximately 62,000 qualified voters.

Proponents of measures are permitted to compensate persons obtaining signatures for the petition, but in such instances the petition must contain a notice of such payment to the elector whose signature is being sought.

Historical Initiative Petitions

According to the Elections Division of the Idaho Secretary of State, there were five initiative petitions and three referendums that qualified for the ballot between 2006 and 2024.

LITIGATION

The State and its agencies are parties to numerous routine legal proceedings that occur as a consequence of regular government operations. At any given point, there are numerous lawsuits involving State agencies which could, depending on the outcome of the litigation or the terms of a settlement agreement, impact revenue or expenditures of the State. There are risk management funds reserved by the State for certain claims, and self-insurance and excess insurance is available for claims involving injury and damages.

HISTORICAL ECONOMIC AND DEMOGRAPHIC DATA

Idaho Economic Overview and Outlook

The Idaho Economic Forecast ("IEF"), a quarterly publication prepared by the DFM, provides historical and forecast values for the State's economy. The historical and forecast data are presented at both quarterly and annual frequencies. The IEF is published in January, April, July, and October of each year. Data covered in the IEF include population, housing, personal income, and nonfarm employment. The most recent IEF was published in April 2026. It projects State nonfarm employment to grow 0.3% in 2026 and 0.3% in 2027. The next IEF is scheduled to be released in July 2026.

The General Fund Revenue Book ("GFRB") is an annual publication prepared by the DFM that provides input into the Executive Budget. It consists of General Fund projections by source, the economic forecast upon which the revenue forecasts are based, and a section devoted to the State's tax structure. The most recent GFRB was published in January 2026. The General Fund revenue forecast estimated a 4.40% increase/decrease in General Fund revenues for Fiscal Year 2025. Actual revenue for Fiscal Year 2025 came in in excess of the projection, in part due to a change in law during the 2026 Legislative Session which creates retroactive recognition of \$330 million that had historically been diverted out of the sales tax revenue stream directly to the Public School Income Fund, which is now redirected back to the General Fund with an expectation that it will be used for public schools. Actual revenue for Fiscal Year 2025 came in at 2.71% over actual Fiscal Year 2024 revenue. For comparison, the actual revenue for Fiscal Year 2024 came in at 3.98% under Fiscal Year 2023. Fiscal Year 2026 General Fund revenues were projected to decline by 6.03% from the Fiscal Year 2025 actual.

The following tables provide historical economic and demographic data for the State.

**TABLE A-10
IDAHO ECONOMIC INDICATORS**

	Actual		Projected		
	2024	2025	2026	2027	2028
Idaho Economic Indicators					
Personal Income (\$ millions)	\$ 124,747	\$ 131,620	\$ 135,601	\$ 143,490	\$ 152,473
Percent Change	6.9%	5.5%	3.0%	5.8%	6.3%
Total Nonfarm Employment	833,737	849,664	868,371	884,887	901,387
Percent Change	1.9%	1.9%	2.2%	1.9%	1.9%
Goods-Producing Employment	146,181	149,449	153,068	156,222	159,017
Percent Change	2.4%	2.2%	2.4%	2.1%	1.8%
Nongoods-Producing Employment	686,591	699,303	714,372	727,753	741,479
Percent Change	1.8%	1.9%	2.2%	1.9%	1.9%
Population	2,000,872	2,029,733	2,054,095	2,076,229	2,095,097
Percent Change	1.5%	1.4%	1.2%	1.1%	0.9%
Housing Starts-Single Unit	12,851	12,475	12,379	12,664	12,939
Housing Starts-Multiple Unit	6,983	7,104	3,728	3,249	3,268
Selected US Production Indices (2017=100.0)					
Wood Products	97.1	98.8	96.5	97.0	97.8
Computer and Electronic Products	118.3	126.8	135.7	142.5	148.4
Food	103.0	104.4	103.9	103.4	103.3
Metal Ore Mining	80.7	79.1	79.2	79.5	79.7
Selected US Producer Prices (1982=100)					
Lumber and Wood Products	297.0	300.0	307.1	316.0	319.4
Machinery and Equipment	179.3	186.2	198.8	205.3	207.3
Farm	222.8	237.7	245.1	253.9	253.5
Agricultural Chemicals	283.9	299.2	315.7	321.7	322.0
Pulp, Paper and Allied Products	337.2	342.8	349.5	365.1	372.1
Chemicals	346.6	349.4	361.4	363.0	365.7

Source: Moody's Analytics and Idaho Division of Financial Management
Based on April 2026 Idaho Economic Forecast

**TABLE A-11
STATE OF IDAHO
POPULATION TRENDS**

<u>Year</u>	<u>Population</u>
2000 ⁽¹⁾	1,299,430
2010 ⁽¹⁾	1,571,339
2020 ⁽¹⁾	1,849,328
2016	1,697,093
2017	1,734,888
2018	1,769,305
2019	1,808,378
2020	1,849,328
2021	1,904,855
2022	1,942,951
2023	1,970,497
2024	2,000,872
2025	2,029,733

(1) U.S. Census data

Sources: U.S. Census Bureau

TABLE A-12
STATE OF IDAHO
LABOR FORCE AND NONFARM PAYROLL JOBS ANNUAL⁽¹⁾

	2025	2024	2023	2022	2021
Civilian Labor Force	1,007,435	996,777	972,574	950,672	917,056
Unemployment	36,562	35,621	30,954	25,314	40,050
Percent of Labor Force Unemployed	3.6	3.6	3.2	2.7	3.6
Total Employment	970,874	961,157	941,620	925,358	884,328
Nonfarm Payroll Jobs-NAICS⁽²⁾	833,826	818,191	803,353	795,325	766,231
Goods Producing	149,449	146,181	142,815	143,619	135,196
Natural Resources and Mining	3,278	3,053	2,914	3,027	2,827
Construction	71,821	68,572	65,659	65,911	60,348
Manufacturing	74,349	74,555	74,241	74,681	72,021
Nongoods	684,377	672,010	660,539	651,706	631,035
Trade, Transportation and Utilities	162,680	161,439	159,492	161,446	158,553
Trade	130,183	129,347	128,225	128,746	126,144
Transportation, Warehousing and Utilities	32,497	32,092	31,267	32,700	32,409
Services	456,243	446,599	435,392	424,499	406,192
Information	8,905	9,151	9,406	9,120	8,048
Financial Activities	39,189	38,467	38,596	41,058	39,767
Professional and Business Services	108,935	107,941	107,543	108,024	103,705
Management, Professional and Technical Services	61,638	60,634	59,178	57,804	54,399
Administrative, Support, Waste Management	47,296	47,307	48,366	50,220	49,305
Health Services	125,133	118,795	110,061	104,923	102,003
Leisure and Hospitality	94,225	93,226	92,580	88,744	83,839
Educational and Other Services	79,857	79,020	77,205	72,630	68,829
Total Government	65,454	63,971	65,655	65,761	66,290
Federal Government	12,018	12,358	11,734	12,920	13,295
State and Local Government	53,436	51,613	53,922	52,841	52,995

(1) Benchmarked data.

(2) Estimates include all full- or part-time wage and salary workers who worked or received pay in the industry group's pay period ending the 12th of the month.

*Source: Idaho Division of Financial Management, based on April 2026 forecast
Idaho Department of Labor; estimate for subdivision of professional and business services*

TABLE A-13
STATE OF IDAHO
NONFARM PAYROLL JOBS—BY PLACE OF WORK ⁽¹⁾

	January 2025 ⁽¹⁾	January 2026	February 2026	Percent Change	
				From Last Month	From Last Year
Nonfarm Payroll Jobs-NAICS⁽²⁾	872,700	878,700	875,900	-0.3%	0.7%
Goods Producing	152,900	155,200	155,100	-0.1%	1.5%
Natural Resources	4,300	4,500	4,500	0.0%	4.7%
Construction	73,600	74,700	75,400	0.9%	1.5%
Manufacturing	75,000	76,000	75,200	-1.1%	1.3%
Durable Goods	42,400	43,700	43,400	-0.7%	3.1%
Nondurable Goods	32,600	32,300	31,800	-1.5%	-0.9%
Service Providing	589,300	593,400	590,800	-0.4%	0.7%
Trade, Transportation, And Utilities	164,600	164,300	164,600	0.2%	-0.2%
Trade	130,200	129,500	130,000	0.4%	-0.5%
Transportation, Warehousing, And Utilities	34,400	34,800	34,600	-0.6%	1.2%
Information	9,000	8,800	8,700	-1.1%	-2.2%
Financial Activities	41,600	42,000	42,000	0.0%	1.0%
Professional and Business Services	109,900	112,500	110,800	-1.5%	2.4%
Professional and Technical Services	53,900	55,900	55,300	-1.1%	3.7%
Management of Companies and Enterprises	8,700	8,800	8,800	0.0%	1.1%
Administrative, Support, Waste Management	47,300	47,800	46,700	-2.3%	1.1%
Education and Health Services	140,700	143,100	143,200	0.1%	1.7%
Leisure and Hospitality	94,100	92,500	91,700	-0.9%	-1.7%
Other Services	29,400	30,200	29,800	-1.3%	2.7%
Total Government	130,500	130,100	130,000	-0.1%	-0.3%
Federal Government	14,500	13,600	13,500	-0.7%	-6.2%
State and Local Government	116,000	116,500	116,500	0.0%	0.4%
State Government	33,200	32,000	31,800	-0.6%	-3.6%
Local Government	82,800	84,500	84,700	0.2%	2.1%

(1) Benchmarked data.

(2) Estimates include all full- or part-time wage and salary workers who worked or received pay in the industry group's pay period ending the 12th of the month.

Source: Idaho Department of Labor, Current Employment Statistics based on April 2026 data

**TABLE A-14
STATE OF IDAHO
AGRICULTURAL EMPLOYMENT ESTIMATES**

	<u>2025 Annual Average</u>	<u>2024 Annual Average</u>	<u>Percent Change From Last Year</u>
Total Agricultural Employment	47,823	47,325	1.1%

Source: Idaho Department of Labor, based on Agricultural Estimates

**TABLE A-15
STATE OF IDAHO
LARGEST EMPLOYERS**

<u>Employer</u>	<u>Number of Employees</u>	<u>Industry</u>
St. Luke's Health System	16,000+	Health care and social assistance
Wal-Mart	9,000+	Retail trade
St. Alphonsus Health System	6,000+	Health care and social assistance
Battelle Energy Alliance	5,500+	Professional, scientific, and technical Services
Micron Technology	5,500+	Manufacturing
Albertsons	5,000+	Retail trade
Kootenai Medical Center	3,000+	Health care and social assistance
J. R. Simplot Co.	3,000+	Manufacturing
Fred Meyer (Kroger)	2,000+	Retail trade
Costco	2,000+	Retail trade
Idaho Power	2,000+	Utilities
United Parcel Service	1,500+	Transportation and warehousing
Amalgamated Sugar	1,500+	Manufacturing
Idaho Environmental Coalition	1,500+	Waste management and remediation services
Idaho Central Credit Union	1,500+	Finance and insurance

Note: Only employers that have given permission to release employment data are listed.

Source: Idaho Department of Labor, November 2025

TABLE A-16
STATE OF IDAHO
COMPARISON OF IDAHO AND NATIONAL AVERAGE ANNUAL WAGE

Calendar Year	Idaho Average Annual Wage	National Average Annual Wage
2014	38,218	53,816
2015	39,087	55,426
2016	39,874	56,060
2017	41,561	57,802
2018	43,095	59,773
2019	44,481	61,795
2020	47,952	66,581
2021	51,036	70,513
2022	54,530	72,913
2023	56,586	75,258
2024	59,923	78,557
2025	62,521	81,896

Source: Moody's Analytics and Idaho Division of Financial Management, based on April 2026 Idaho Economic Forecast

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APPENDIX B
PLAN OF FINANCING

PLAN OF FINANCING

STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2026
PRINCIPAL AMOUNT \$[]

Pursuant to the approval by the Board of Examiners on March 17, 2026, JULIE A. ELLSWORTH, the duly elected, qualified, and acting Treasurer of the State of Idaho, hereby certifies as follows for the benefit of bondholders:

ARTICLE I

DEFINITIONS AND PURPOSE

Section 1.1:

As used in this document, the following terms shall have the following definitions:

Act means Title 63, Chapter 32, Idaho Code, pursuant to which the Notes are authorized, issued, and sold.

Authenticating and Paying Agent means a national bank appointed by the State Treasurer to act as authenticating and paying agent.

Beneficial Owner(s) means the owners or Holders of Notes whose ownership is recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries in the Book-Entry-Only System of the Depository.

Board of Examiners means the State Board of Examiners created pursuant to Article IV, Section 18, Idaho Constitution, and Chapter 20, Title 67, Idaho Code.

Book-Entry-Only System means the system of recordation of ownership of the Notes on the books of the Depository pursuant to Article III of this Plan.

Code means the Internal Revenue Code of 1986, as amended.

Depository means The Depository Trust Company, New York, New York, its successor corporation, or such other depository as may subsequently be designated by the Treasurer.

EMMA means the Electronic Municipal Market Access System of the MSRB as provided for by the Securities and Exchange Commission and located at www.emma.msrb.org.

Escrow Agent means Zions Bancorporation, National Association, Boise, Idaho (“Zions Bank”), as escrow agent for the Note Payment Account designated pursuant to Section 2.6 of this Plan, and as paying agent for the Notes, so long as the Notes are issued in book-entry-only form,

designated pursuant to Section 3.1 of this Plan, and any successors thereto in the event Zions Bank resigns per the Escrow Agreement.

Escrow Agreement means the escrow agreement between the State Treasurer and the Escrow Agent substantially in the form of Exhibit “C” which is annexed hereto and by reference made a part of this Plan.

Fiscal Year means the 2026-2027 fiscal year of the State, commencing on July 1, 2026, and ending on June 30, 2027.

General Fund means the general fund of the State.

General Tax Revenues means certain income and revenue deposited into the General Fund from taxes, whether specific, sales, ad valorem, excise, income, franchise, or license, save and except only those revenues required, pursuant to Idaho Code, to be deposited into funds and accounts other than the General Fund.

Global Note(s) means the typewritten Note or Notes in the aggregate principal amount of the Notes, dated as of the date of delivery of the Notes, and registered in the name of the Nominee.

Governor means the Governor of the State of Idaho.

Holder or Holders means the Beneficial Owners.

Letter of Representations means the Blanket Issuer Letter of Representations between the State Treasurer and the Depository, relating to the Book-Entry-Only System, substantially as set forth in Exhibit “B,” which is annexed hereto and by reference made a part of this Plan.

MSRB means the Municipal Securities Rulemaking Board.

Nominee means Cede & Co. as nominee for the Depository, or such nominee as the Depository may substitute therefor.

Note Payment Account means the “Tax Anticipation Notes, Series 2026, Note Payment Account” within the Tax Anticipation Note Redemption Fund of the State created by Section 63-3203, Idaho Code, established pursuant to Section 2.6 of this Plan.

Notes means the State of Idaho Tax Anticipation Notes, Series 2026, issued in the principal amount of \$[].

Official Statement means the disclosure statement relating to the Notes, approved by the State Treasurer, and includes the Preliminary Official Statement.

Participant or Participants means banks and broker-dealer participants and correspondents, including indirect participants that are related to entries on the Book-Entry-Only System of the Depository.

Plan means this Plan of Financing, dated as of June 24, 2026, authorizing the issuance, sale, and delivery of the Notes.

Preliminary Official Statement means the preliminary disclosure statement relating to the Notes, approved by the State Treasurer.

Purchaser(s) means the purchaser(s) of the Notes, pursuant to a competitive bid, as listed in Section 5.2.

Secretary of State means the Secretary of State of the State of Idaho.

State means the State of Idaho.

State Controller means the State Controller of the State of Idaho.

State Treasurer means the State Treasurer of the State of Idaho.

Section 1.2: The Notes are being issued pursuant to the Act for the purpose of providing funds for the payment of current expenses in anticipation of the receipt of General Tax Revenues for the Fiscal Year. This document shall constitute the Plan of the State Treasurer required pursuant to Section 63-3202(2), Idaho Code, and the order of the State Treasurer required by Section 63-3202(3), Idaho Code, in connection with the issuance, sale, and delivery of the Notes.

ARTICLE II

THE NOTES

Section 2.1: The Notes are to be issued, sold, and delivered in accordance with the Act. The maximum principal amount of Notes which may be outstanding at any one time under this Plan is \$[]. In accordance with the March 17, 2026, approval of the Board of Examiners for the issuance of not to exceed \$4,083,000,000 Tax Anticipation Notes, the State Treasurer reserves the right to file one or more additional Plans of Financing under the authority of the Act during the Fiscal Year.

Section 2.2: The Notes shall be issued in accordance with the Book-Entry-Only System described hereinafter in the form of not more than two typewritten Notes (the “Global Notes”) in the aggregate principal amount of \$[], shall be dated as of their date of delivery, shall mature on June 30, 2027, shall bear interest from their date at a fixed rate of ____% per annum until paid, calculated on the basis of actual days elapsed over a 365-day year, such interest being payable at maturity, and shall be substantially in the form of the Global Note which is annexed hereto as Exhibit “A” and by reference made a part hereof. The Notes shall not be subject to redemption prior to their stated maturity.

Section 2.3: The Notes shall be issued in anticipation of the General Tax Revenues to be received by the State during the fourth quarter of the Fiscal Year, and the Notes shall be secured

by an irrevocable pledge of the income and revenues from the taxes so anticipated, which General Tax Revenues are to be deposited into the Note Payment Account. Each Note so issued shall recite that it is a valid and binding obligation of the State, and that the faith and credit of the State is solemnly pledged for the payment of the principal thereof and interest thereon in accordance with its terms and the Constitution and laws of the State.

Section 2.4: The Notes shall be registered prior to their issuance in the office of the State Controller.

Section 2.5: The Notes shall be payable in accordance with the provisions of the Book-Entry-Only System as set forth in Article III of this Plan.

Section 2.6: There is hereby established within the Tax Anticipation Note Redemption Fund of the State, created by Section 63-3203, Idaho Code, the Tax Anticipation Notes, Series 2026, Note Payment Account (the "Note Payment Account") for the payment of the principal of and interest on the Notes. Zions Bank is hereby appointed as escrow agent (the "Escrow Agent") in accordance with the Escrow Agreement which is hereby approved and authorized and is annexed hereto as Exhibit "C" and by reference made a part of this Plan. The Note Payment Account shall be held and invested at the direction of the State Treasurer by the Escrow Agent pursuant to the provisions of the Escrow Agreement.

Section 2.7: The Notes are hereby sold to the Purchasers in accordance with a competitive bid, at a purchase price of \$_____, which consists of the par amount of \$[_____], plus a premium of \$_____, less an underwriter's discount of \$_____ plus accrued interest, if any.

Section 2.8: As provided in Section 63-3202(b), Idaho Code, immediately upon the issuance and sale of the Notes the State Treasurer shall cause the proceeds of the sale of the Notes, less the Costs of Issuance in the amount of \$_____, to be credited to the General Fund.

ARTICLE III

THE BOOK-ENTRY-ONLY SYSTEM

Section 3.1: The Notes shall initially be issued in the form of fully registered Notes in book-entry-only form (the "Book-Entry-Only System"), with no Notes being made available to Beneficial Owners thereof, as provided in the Letter of Representations between the State Treasurer and the Depository. So long as the Notes are issued in book-entry-only form, the State shall recognize the Depository or its Nominee as the owner of the Notes for all purposes. Beneficial ownership interests in the Notes will be available through Participants in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Ownership of the Notes shall be recorded through entries on the books of banks and broker-dealer participants and correspondents (the "Participants") that are related to entries on the Book-Entry-Only System of the Depository. The Notes shall be initially issued in the form of not more than two typewritten Notes (the "Global Notes"). The Global Notes shall be executed by the Governor, countersigned by the State Treasurer, and attested by the Secretary of State, any of which signatures may be either

manual or facsimile. The Global Notes shall be registered in the name of the Nominee and, upon payment therefor, including accrued interest, if any, to delivery, shall be lodged with the Depository until the maturity of the Notes. Delivery of the Notes shall be made to the Escrow Agent for Fast Automated Securities Transfer on behalf of the Depository. The Escrow Agent shall be the paying agent for the Notes for so long as the Notes remain in Book-Entry-Only System. The Escrow Agent shall remit payment for the principal of and interest on the Notes at maturity, in lawful money of the United States, directly to the Depository, so long as the Depository or its Nominee is the registered owner of the Notes, for distribution to the Beneficial Owners of the Notes by recorded entry on the books of the Depository.

Section 3.2: With respect to Notes registered in the name of the Nominee, the State shall have no responsibility to any Participant, or to any Beneficial Owner on behalf of which such Participant acts as agent, with respect to:

- (i) the sending of transaction statements, or maintenance, supervision, or review of records of the Depository;
- (ii) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Notes;
- (iii) the delivery to any Participant, the Beneficial Owners, or any other person of any notice with respect to the Notes;
- (iv) the payment to any Participant, Beneficial Owner, or any other person other than the Depository or its Nominee of any amount with respect to the principal of or interest on the Notes;
- (v) any consent given or other action taken by the Depository or its Nominee as owner of the Notes.

Section 3.3: The State shall cause to be paid, by the Escrow Agent, as set forth in the Escrow Agreement, on or before the date of maturity of the Notes, all of the principal of and interest on the Notes to the Nominee, and such payment shall be valid and effective to fully satisfy and discharge the State's obligation to any Participant, Beneficial Owner, or other person with respect to payment thereof to the extent of the sum or sums so paid. Transfer of principal and interest payments on the Notes shall be the responsibility of the Depository and its Participants, and the State shall have no liability therefor.

Section 3.4: Upon delivery by the Depository to the State of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Plan shall be deemed to refer to such new nominee.

ARTICLE IV

COVENANTS

Section 4.1: All General Tax Revenues collected during the fourth quarter of the Fiscal Year shall be deposited into the Note Payment Account (as received) until such time as the moneys and investment earnings accumulated therein shall be fully sufficient to pay the principal of and interest on the Notes at maturity. All moneys in the Note Payment Account shall be invested only in the following investments permitted by Section 67-1210, Idaho Code: (i) direct obligations of the Federal Government, or (ii) fully collateralized time certificates of deposit or fully collateralized repurchase agreements. No moneys in the Note Payment Account shall be invested in obligations permitted under paragraphs (b), (c), (e), (g), (h), or (k) of Section 67-1210, Idaho Code. All moneys in the Note Payment Account shall be invested so as to mature on or before June 30, 2027. Nothing herein shall be deemed as prohibiting the State Treasurer from depositing any income and revenues from taxes received prior to the fourth quarter of the Fiscal Year or other available revenues into the Note Payment Account. In accordance with the Act, all funds deposited in the Note Payment Account are pledged, appropriated, and set aside solely for the payment of principal and interest on the Notes. Any moneys remaining in the Note Payment Account after payment in full of all principal of and interest on the Notes at maturity shall be transferred to the General Fund of the State.

Section 4.2: In the event that there are not on deposit in the Note Payment Account, on or before June 30, 2027, General Tax Revenues fully sufficient, together with investment earnings earned or to be earned prior to the date of maturity of the Notes, to pay the principal of and interest on the Notes at maturity, then the State Treasurer shall, on or before June 30, 2027, (1) transfer to the Note Payment Account any moneys available, as authorized by Section 67-1212(2)(a), Idaho Code, in an amount sufficient, together with revenues and investment earnings on deposit in the Note Payment Account, to pay the principal of and interest on the Notes at maturity; or (2) take any or all other legally available actions to cause to be deposited in the Note Payment Account amounts sufficient, together with all other available revenues and investment earnings, to pay the principal of and interest on the Notes at maturity.

Section 4.3: None of the proceeds of the Notes will be (i) loaned to private persons within the meaning of Section 141(c) of the Code, or (ii) used for any private business use within the meaning of Section 141(b) of the Code. For purposes of the preceding sentence, “private persons” means any person or entity (including the federal government) other than a state or local government unit, and “private business use” means use directly or indirectly in a trade or business carried on by any such private person. Accordingly, the Notes will not be “private activity bonds” within the meaning of Section 141 of the Code. The State will take no action which would cause the Notes to become an item of tax preference for alternative minimum tax purposes.

Section 4.4: The State will comply with the provisions of the Code which are necessary for interest paid on the Notes to be exempt from federal income taxation (except for certain minimum taxes on corporations) and will make no use of the proceeds of the Notes that would result in the interest on the Notes being includable in gross income within the meaning of Section 103(a) of the Code, and in particular will take no action that would cause the Notes to become

arbitrage bonds within the meaning of Section 148 of the Code. Prior to the issuance of the Notes, the State Treasurer will execute a Tax Certificate with respect to the Notes, and the State will comply with the provisions thereof.

Section 4.5: The State will calculate its actual cumulative cash flow deficit (within the meaning of Code Section 148(f)(4)(B)(iii)(II)) prior to the maturity of the Notes, and will keep accurate records of all investments of the proceeds of the Notes, including earnings on the proceeds of the Notes, and the expenditure thereof. If by a date which is not later than six months after the date on which the Notes are issued, the actual cumulative cash flow deficit has not equaled or exceeded ninety percent (90%) of the proceeds of the Notes, then (i) the State shall account for the investment of the Gross Proceeds (as described in Section 148(f)(6)(B) of the Code and Section 1.148-1(b) of the Treasury Regulations) of the Notes and make the required arbitrage rebate payments to the federal government from the proceeds of the Notes or from any other legally available source (provided, however, that this obligation shall not be construed as constituting a debt or liability of the State within the meaning of any constitutional or statutory limitation on the incurrence of the indebtedness by the State) at the times, upon the terms and conditions, and in the manner specified in Section 148(f) of the Code and the Treasury Regulations promulgated in connection therewith, and (ii) the State shall keep and retain or cause to be kept and retained, until the date six years after the retirement of the last Note, adequate records with respect to the Notes and the investment and expenditure of proceeds thereof to comply with the aforementioned arbitrage rebate requirements, including without limitation a complete list of all investments and reinvestments of Gross Proceeds of the Notes including (a) purchase price of such investments, (b) purchase date, (c) type of security or investment, (d) accrued interest paid on the investment (if any), (e) interest rate (if applicable), (f) dated date (if applicable), (g) principal amount, (h) date of maturity, (i) interest payment dates (if applicable), (j) date of liquidation, (k) amounts received upon liquidation of such investments, and (l) the market value of such security or investment on the date it became Gross Proceeds of the Notes and on the date of the retirement of the last Note if then held by the State.

In addition, the State will not enter into any transaction or cause any transaction to be entered into that reduces the amount which may be required to be paid to the federal government pursuant to the arbitrage rebate requirements specified above, because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the yield on the Notes not been relevant to either party.

The State represents that it is legally authorized to pay rebates to the United States as required by Section 148(f) of the Code, and that its expected cumulative cash flow deficit exceeds ninety percent (90%) of the proceeds of the Notes.

Section 4.6: The State will comply with the applicable requirements of Rule 15c2-12(b)(5)(i)(C) of the U.S. Securities and Exchange Commission with respect to the disclosure of certain material events with respect to the Notes, and hereby covenants and agrees with and for the benefit of the Holders of the Notes to provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to the MSRB via EMMA, notice of any of the following events with respect to the Notes: (1) principal and interest payment delinquencies; (2) non-payment 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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of Noteholders, if material; (8) Note calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, 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; (15) incurrence of a financial obligation or agreement, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties. If the State fails to comply with the foregoing disclosure undertakings, it will, within a reasonable time not in excess of ten (10) business days following its ascertainment of such failure, provide notice to the MSRB via EMMA of such material failure of disclosure. Holders of the Notes may enforce specific performance of the foregoing undertakings by any available judicial proceeding; provided, however, that the failure of the State to perform such undertakings shall not constitute an event of default with respect to the Notes, nor shall any such failure render the State liable for monetary damages to any Holder or transferee of the Notes.

ARTICLE V

MISCELLANEOUS

Section 5.1: In connection with the public offering of the Notes, the use of a Preliminary Official Statement and a final Official Statement is hereby authorized. Pursuant to Securities and Exchange Commission Rule 15c2-12, the State deems the Preliminary Official Statement as final as of its date except for the omission of information dependent upon the pricing of the Notes, such as offering price, interest rate, selling compensation, delivery date, or other terms dependent upon the foregoing matters. The State hereby agrees to deliver or cause to be delivered, within seven (7) business days after any final agreement to purchase the Notes, copies of a final Official Statement in sufficient quantity to comply with paragraph (b)(4) of Securities and Exchange Commission Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board.

Section 5.2: Any notices shall be given as follows: If to the State, to: State Treasurer, 304 N. 8th Street, Suite 208, Boise, Idaho 83702; if to the Purchaser, to:

(or to such alternate address as may be provided by the Purchaser(s)); if to the Depository, to: The Depository Trust Company, 55 Water Street, New York, New York 10041;

and if to the Escrow Agent to Zions Bancorporation, National Association, Corporate Trust, 800 West Main Street, Suite 700, Boise ID 83702.

Section 5.3: IN WITNESS WHEREOF, I have hereunto subscribed my official signature as of this ____th day of June, 2026.

Julie A. Ellsworth
State Treasurer

FILED in the Office of the Governor of the State of Idaho this ____th day of June, 2026.

By _____
Office of the Governor

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APPENDIX C
FORM OF LEGAL OPINION OF BOND COUNSEL



7699 W. RIVERSIDE DRIVE
BOISE, ID 83714
TELEPHONE: (208) 331-1800
FACSIMILE: (208) 331-1202
WWW.MSBTLAW.COM

STEPHANIE J. BONNEY≈
PAUL J. FITZER
ANTHONY M. PANTERA, IV

GEOFFREY A. SCHROEDER
FRANCES R. STERN

JOHN G. CROWELL-MACKIE
JOSEPH A. MENDONSA
BRENNON J. WOMBLE
≈ Also admitted in Utah

[], 2026

The Hon. Julie A. Ellsworth
State Treasurer
P.O. Box 83720
Boise, Idaho 83720-0091

Purchaser

Re: State of Idaho Tax Anticipation Notes, Series 2026, in the Principal Amount of \$[]

Dear Ms. Ellsworth, Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the State of Idaho (the "State") of its Tax Anticipation Notes, Series 2026 (the "Notes"), which are dated [], 2026, mature on June 30, 2027, and bear interest at the rate of [] percent (___) per annum, and are issued in the principal amount of \$[].

The Notes have been sold to Purchaser in the par amount of \$[] (the "Purchaser"). We refer you to the Plan of Financing executed on June ____, 2026 (the "Plan of Financing"), pursuant to which the Notes are issued, for a description of the purpose for which the Notes are issued, the security for the Notes, the manner in which the principal of and interest on the Notes are payable, and all other details of the Notes and to the escrow agreement dated as of [], 2026 (the "Escrow Agreement").

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 not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Notes, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We have examined the Constitution and laws of the State of Idaho, including Title 63, Chapter 32, Idaho Code, and such other laws, proceedings (prepared, in part, by us) relating to the issuance and sale of the Notes, and other documents as we have deemed necessary to render this opinion. This opinion is dated as of the date of issuance and delivery of the Notes.

Based upon our examination, we are of the opinion, under existing law and as of the date hereof:

1. The State has full power and authority under the Constitution and statutes of the State to borrow money for the purposes set forth in the Plan of Financing, to issue and sell the Notes, and to enter into and perform its obligations under the Plan of Financing and the Escrow Agreement.
2. The Notes have been legally authorized, issued, and sold under and pursuant to the Constitution and laws of the State of Idaho and constitute valid and legally binding obligations of the State, payable from and secured by the Tax Anticipation Notes, Series 2026, Note Payment Account established by the Plan of Financing within the Tax Anticipation Note Redemption Fund of the State. The faith and credit of the State is pledged for the payment of the principal of and interest on the Notes.
3. The Plan of Financing and the Escrow Agreement have been duly and validly authorized, executed, and delivered by the State, and, assuming the due and proper authorization, acceptance, and execution by the other parties thereto to the extent applicable, will constitute valid and legally binding obligations of the State, enforceable in accordance with their respective terms.
4. Except as discussed below and assuming continuing compliance with the requirements referenced below, the interest on the Bond is excludable from the gross income of the holders or owners thereof for federal income tax purposes. We are further of the opinion that the interest may not be included as an individual or corporate alternative minimum tax (AMT) preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). After December 31, 2022, there is a corporate AMT, which, when effective, applies to applicable corporations. An applicable corporation does not include an S Corporation, a real estate investment trust or a regulated investment company. A corporation that is determined not to be an "applicable corporation" will remain exempt from the corporate alternative minimum tax consistent with its repeal in 2023 as part of the Tax Cuts and Jobs Act. In expressing the aforementioned opinions, we have relied on, and assume compliance by the State with, certain representations and covenants regarding the use and investment of the proceeds of the Notes. Under the Internal Revenue Code, the State is required to comply with certain requirements subsequent to the issuance of the Notes to maintain the exclusion of interest from gross income for federal income tax purposes, including requirements relating to the application and investment of the proceeds of the Notes and use of facilities financed with such proceeds. The State has covenanted to comply with these

requirements, and the opinion expressed in this paragraph 4 hereof assumes such compliance. However, we have not undertaken and do not undertake to monitor compliance by the State with such requirements; and if the State should fail to comply with such requirements, the interest on the Notes could become includable in gross income for federal and State of Idaho income tax purposes retroactive to the date of issuance of the Notes.

5. Interest on the Notes is excluded from gross income for purposes of income taxation by the State of Idaho, to the same extent that such interest is excluded from gross income for purposes of federal income taxation.
6. The statements and information contained in the Preliminary Official Statement as of its date, and the Official Statement, as of its date and as of the date hereof, concerning the Notes, on the cover and under the following headings: “Introduction”; “The Notes”; “Security and Sources of Payment”; “Legal and Tax Information” (excluding the subsections titled “Litigation,” and “Potential Conflicts of Interest”); Appendix B – Plan of Financing; and Appendix C – Form of Legal Opinion of Bond Counsel are true and correct in all material respects, and nothing has come to our attention that would lead us to believe that the information under such headings in the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and the date hereof, contains an untrue statement of material fact or omits to state a material fact that should be stated therein or is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, it being understood that, in rendering this opinion, we are not expressing an opinion with respect to statistical data, technical and financial statements, operating statistics and other financial data in the Preliminary Official Statement and the Official Statement.
7. Based on our examinations which we have made as bond counsel and our participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy or completeness of the statements in the Official Statement other than those described in paragraph 6 above, we have no reason to believe that the Official Statement as of its date and as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical data included in the Official Statement and except for information regarding the Depository Trust Company and its book-entry system, in each case as to which we express no opinion);
8. The Notes are exempt from registration pursuant to the Securities Act and the Constitution of the State of Idaho and any related resolutions are exempt from qualification as an indenture pursuant to the Trust Indenture Act.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences arising with respect to the Notes. Owners of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral tax consequences.

The opinions set forth above are qualified only to the extent that certain rights and remedies of the holders of the Notes may be limited or rendered ineffective by applicable bankruptcy, insolvency, reorganization, moratorium, or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

Our opinion is limited to matters of Idaho state law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,
MSBT LAW, CHTD.

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APPENDIX D

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

DTC AND THE BOOK-ENTRY-ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal, interest and other payments on the Notes to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Notes and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Notes (defined in this Appendix D as the “Issuer”) nor the trustee, fiscal agent or paying agent appointed with respect to the Notes (defined in this Appendix D as the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 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 (“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, National Securities Clearing Corporation and 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 (“Indirect Participants”). DTC is rated AA+ by S&P Global. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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