

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 11, 2019

SALE DATE: JUNE 20, 2019
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 2019. 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.



\$555,000,000⁽¹⁾
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2019

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

Dated: Date of Initial Delivery (July 1, 2019)

Due: June 30, 2020

The State of Idaho Tax Anticipation Notes, Series 2019 (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, 2019, and ending June 30, 2020 ("Fiscal Year 2020"), 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 2020, 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 19, 2019, and a Plan of Financing approved by the State Treasurer.

The Notes are issued and are primarily secured by an irrevocable pledge of the General Tax Revenues for the fourth quarter of Fiscal Year 2020 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 excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Internal Revenue Code. 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, 2019.

(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 Janice McGeachin	Lieutenant Governor
The Honorable Lawrence Denney	Secretary of State
The Honorable Brandon Woolf	State Controller
The Honorable Lawrence Wasden	Attorney General
The Honorable Sherri Ybarra	Superintendent of Public Instruction

MUNICIPAL ADVISOR

Piper Jaffray & Co.

BOND COUNSEL

MSBT Law

DISCLOSURE COUNSEL

Hawley Troxell Ennis & Hawley LLP

ESCROW AGENT AND PAYING AGENT

Zions Bancorporation, National Association
Boise, Idaho

No dealer, broker, sales representative, or other person has been authorized by the State of Idaho (the “State”) or Piper Jaffray & 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.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

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) The CUSIP number is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by Standard & Poor’s. This number is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service.

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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
\$555,000,000*
STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2019

Electronic bids for the Tax Anticipation Notes, Series 2019 (the “Notes”), of the State of Idaho (the “State”), will be received by the State Treasurer via the BiDCOMP/PARITY Electronic Bid Submission System (“Parity”), in the manner described below, on

JUNE 20, 2019, AT 11:00 A.M., EASTERN TIME

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, 2019, and will mature on June 30, 2020. 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 3.00%, which rate is subject to change as determined by the State Treasurer no later than 8:30 a.m. Eastern Time on June 20, 2019 (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

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) Bids may only be submitted via Parity. 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 will not be responsible for the proper operation of, or have 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) Upon acceptance of a bid by the State, this Official Notice of Sale and the information that is electronically transmitted through Parity will form a contract between the bidder and 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 20, 2019, 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, provided that 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. 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.

Good Faith Deposit

Upon notification from the State, each successful bidder shall wire transfer to the State Treasurer an amount equal to 1% of the aggregate principal amount of the Notes (the "Good Faith Deposit") awarded to it, in immediately available funds, by no later than 4:00 p.m., Eastern Time, on the day the successful bidder receives the verbal award. Wiring instructions will be provided to each successful bidder for the Notes at the time of the verbal award.

The Good Faith Deposit of each successful bidder for the Notes will be retained by the State as security for the performance of such bid, and will be applied to the purchase price of the Notes upon the delivery of the Notes to such successful bidder. Pending delivery of the Notes, the Good Faith Deposit for the Notes may be invested for the sole benefit of the State.

If the Notes are ready for delivery and a successful bidder fails to complete the purchase of the Notes on the closing date, the Good Faith Deposit by that bidder will be retained by the State.

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.

Adjustment of Principal Amount and Bid Price After Bid Opening

The State has reserved the right to decrease the aggregate principal amount of the Notes after the determination of the winning bidders by such amount as the State deems necessary to produce sufficient funds for the purposes for which the Notes are being issued after taking into account any premium to be received by the State. In such event, the principal amount of the Notes will be decreased by not more than 3.00% of the principal amount stated in this Official Notice of Sale. The dollar amount bid by the successful bidder(s) for the Notes will be adjusted, if applicable, to reflect changes in the principal amount of the Notes. Any such adjustments will be communicated to the winning bidders by 1:00 p.m. Eastern Time on the day of the sale.

The successful bidder(s) may not withdraw its bid or change the interest rate bid as a result of any changes made to the revised par amount.

Delivery

The Notes will be delivered to DTC for the account of the winning bidder or bidders on July 1, 2019 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, 2019 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 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

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 the CUSIP identification number will be printed on the Notes, but neither the failure to print such number on the Notes nor any error with respect thereto will constitute cause for a failure or refusal by the successful bidder(s) 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 the CUSIP number 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 Jaffray & Co.
Phone: 208-344-8561
eric.a.heringer@pjc.com

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

State Treasurer's Office: Julie A. Ellsworth, State Treasurer
208-334-3200
idaho.treasurer@sto.idaho.gov

DATED at Boise, Idaho, this 11th day of June, 2019.

/s/
Julie A. Ellsworth, State Treasurer

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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 2019" (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, 2019.

_____, 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 2019" (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 (the "Notes").

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. 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:

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

9. 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.

10. DATED July 1, 2019.

_____, as Purchaser

By: _____
Name: _____
Title: _____

EXHIBIT 1
(OFFERING PRICE(S) OF NOTES)

PRELIMINARY OFFICIAL STATEMENT

\$555,000,000⁽¹⁾

STATE OF IDAHO TAX ANTICIPATION NOTES, SERIES 2019

INTRODUCTION

This Preliminary Official Statement of the State of Idaho (the “State”) presents certain information in connection with the issuance by the State of \$555,000,000⁽¹⁾ aggregate principal amount of Tax Anticipation Notes, Series 2019 (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, 2020. The Notes will bear interest at ___% 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 19, 2019 (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 (“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, 2019, and ending June 30, 2020 (“Fiscal Year 2020”) were expected to be not less than \$4,027,100,000, thereby imposing a limit of \$3,020,325,000 on such borrowings for Fiscal Year 2020. In the Resolution, the Board approved such borrowings during Fiscal Year 2020 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 2020, but reserves the right to do so. See “Security and Sources of Payment for the Notes—Tax Anticipation Notes.”

(1) Preliminary, subject to change.

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 2020 (the “Fourth Quarter Fiscal Year 2020”). The State anticipates receiving a total of approximately \$1,374,430,000 in the Fourth Quarter Fiscal Year 2020. The \$555,000,000⁽¹⁾ in Notes to be issued is equal to 40.4%⁽¹⁾ of anticipated Fourth Quarter Fiscal Year 2020 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 2020. The revenues anticipated for Fiscal Year 2020 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 2020 in anticipation of the General Tax Revenues to be received by the State during the Fourth Quarter Fiscal Year 2020. The proceeds of the sale of the Notes will be deposited in the general fund of the State (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 2020 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 2019, Note Payment Account” (the “2019 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 2019 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 Table 8 for further detail regarding Borrowable Cash Resources.

The 2019 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 2019 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 2019 Note Payment Account in securities that mature no later than June 30, 2020. The State Treasurer also has covenanted not to invest moneys in the 2019 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 2020 will be deposited into the 2019 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, 2020, and “General Tax Revenues.” The State Treasurer may, but is not required to by the Plan of Financing, deposit any General Tax Revenues received prior to the Fourth Quarter Fiscal Year 2020 into the 2019 Note Payment Account, and any moneys so deposited into the 2019 Note Payment Account are irrevocably appropriated and set aside solely for payment of principal of and interest on the Notes.

(1) Preliminary, subject to change.

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

TABLE 1
ESTIMATED FOURTH QUARTER REVENUES BY SOURCE
FOR FISCAL YEAR 2020
(\$000)

	April	May	June	Total
Individual Income Tax	\$ 484,645	\$ 110,560	\$ 162,412	\$ 757,617
Corporate Income Tax	55,908	11,455	50,926	118,289
Sales Tax	137,737	134,243	144,933	416,913
Product Taxes	4,684	4,627	4,873	14,184
Miscellaneous Revenues	3,532	3,746	54,349	61,627
Non-Revenue Receipts	1,500	1,900	2,400	5,800
Total Tax Revenues	\$ 688,006	\$ 266,531	\$ 419,893	\$ 1,374,430

Source: Division of Financial Management

Fourth Quarter Fiscal Year 2020 revenues of approximately \$1,374,430,000 are expected to provide approximately 2.48x coverage for 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 2020 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 95.58% of total General Fund revenues projected for Fiscal Year 2020. 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 43.84% of General Fund revenues/receipts in the first six months of Fiscal Year 2020. However, disbursements during the same period account for 65.04% of total expenditures.

The single largest item of expenditure in the State’s budget is for public school aid, which totals approximately \$1,898,407 million, or 47.63% of total spending in Fiscal Year 2020. School aid payments are disbursed in five payments, in July (annual appropriated special distributions), August (50%), November (20%), February (20%), and May (10%), three of which occur in the first five months of the fiscal year for a total of approximately \$1,398,133,000, or 73.65% of total school aid payments in Fiscal Year 2020. Payments made directly to the school districts in Fiscal Year 2020 are currently scheduled as follows:

TABLE 2
PAYMENTS TO SCHOOL DISTRICTS
(\$000)

Month	Amount
July 2019	\$ 230,826
August 2019	833,791
November 2019	333,516
February 2020	333,516
May 2020	166,758
Total	\$ 1,898,407

Source: Division of Financial Management

Health and Welfare expenditures, the second largest single expenditure item, total \$865,298,000, or approximately 21.71% of the budget. The third largest expenditure item is aid to higher education, for a total of \$427,111,000, or approximately 10.72% of the total Fiscal Year 2020 budget. See Table 6—General Fund Summary of the Fiscal Year 2020 Budget (Cash Basis)..

Table 3 presents the actual to-date and projected cash flow of the General Fund for Fiscal Year 2019, and Tables 4 and 5 present the projected cash flow for Fiscal Year 2020, by major categories of receipts and disbursements and by month and by quarter. The Fiscal Year 2020 cash flow table evidences that all proceeds of the Notes are expected to have been expended within six months of their receipt. The cash flows in Tables 4 and 5 reflect current projections, which have been updated to adjust for 2019 legislative changes and should be read in conjunction with other information concerning the Fiscal Year 2020 budget. Certain assumptions regarding the Fiscal Year 2020 cash flow statements are set forth below under “—Assumptions Underlying the Monthly Allocation of Fiscal Year 2020 General Fund Disbursements.”

Fiscal Year 2020 Cash Flow Deficit. Fiscal Year 2020 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 \$883,598,000 and the November month-end cash deficit is estimated to be \$846,867,000. See Table 4—“Projected General Fund Cash Flow for the Fiscal Year Ending June 30, 2020.” 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 only approximately 20% of the month’s revenues are received during the first two weeks while, on average, 80% of the month’s expenditures occur during the same period. 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 2020 deficit projected for August is \$1,058,578,286 occurring on or about August 15, 2019, and for November is \$978,160,720, occurring on or about November 15, 2019.

The State is choosing to take a conservative external borrowing approach during Fiscal Year 2020 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, 2019

(000 Omitted)	Actual										Projected		Total
	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
BEGINNING CASH BALANCE BEFORE BORROWING	\$ 254,644	\$ (166,396)	\$ (863,731)	\$ (716,349)	\$ (618,713)	\$ (872,464)	\$ (740,526)	\$ (610,070)	\$ (820,220)	\$ (696,540)	\$ (226,983)	\$ (249,750)	\$ 254,644
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax	\$ 93,723	\$ 90,363	\$ 99,596	\$ 106,127	\$ 88,495	\$ 106,745	\$ 120,584	\$ 95,480	\$ 120,516	\$ 473,623	\$ 106,770	\$ 271,458	\$ 1,773,480
Corporate Income Tax	9,590	7,804	41,483	13,590	4,637	29,465	8,635	8,726	14,597	67,884	9,052	15,418	230,881
Sales Tax	140,677	142,737	143,256	136,981	130,795	130,103	150,556	111,711	104,909	132,672	125,382	125,785	1,575,564
Product Taxes	11,735	5,015	5,093	4,698	4,890	4,615	4,655	4,515	4,675	4,721	4,769	5,434	64,815
Miscellaneous Revenues	24,599	4,536	12,383	1,936	2,317	10,479	1,820	8,093	9,380	2,469	2,548	41,401	121,961
Total Revenues	\$ 280,324	\$ 250,455	\$ 301,811	\$ 263,332	\$ 231,134	\$ 281,407	\$ 286,250	\$ 228,525	\$ 254,077	\$ 681,369	\$ 248,521	\$ 459,496	\$ 3,766,701
Non-Revenue Transfers to GF	\$ 13,140	\$ -	\$ 6,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,365	\$ -	\$ 59,555
Non-Revenue Receipts	1,438	1,395	1,617	1,599	1,782	1,859	3,334	1,647	1,363	2,352	1,900	2,400	22,686
TAN - Interest (offset Int Exp)	-	-	-	-	-	-	-	-	-	-	-	21,360	21,360
TOTAL REVENUES AND RECEIPTS	\$ 294,902	\$ 251,850	\$ 309,478	\$ 264,931	\$ 232,916	\$ 283,266	\$ 289,584	\$ 230,172	\$ 255,440	\$ 683,721	\$ 290,786	\$ 483,256	\$ 3,870,302
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	\$ 44,171	\$ 54,849	\$ 65,638	\$ 65,918	\$ 83,974	\$ 57,587	\$ 62,020	\$ 39,767	\$ 38,918	\$ 34,547	\$ 45,748	\$ 35,549	\$ 628,686
Operating Costs	26,282	16,767	15,189	22,495	12,524	13,583	18,262	12,571	15,588	17,937	16,171	5,297	192,666
Capital Outlay	5,101	1,318	972	1,258	624	1,799	1,305	747	5,023	1,413	2,159	1,117	22,836
Trustee and Benefit Payments	101,011	8,000	16,788	4,706	4,791	5,566	7,149	10,455	8,195	7,066	21,316	17,043	212,086
Operating Transfers - Public Schools	241,326	787,970	-	-	315,188	-	-	315,188	-	-	157,594	-	1,817,266
Operating Transfers - All Others	296,486	78,732	62,122	71,488	67,943	71,438	66,982	60,462	62,454	150,997	68,665	14,736	1,072,505
Total Expenditures	\$ 714,377	\$ 947,636	\$ 160,709	\$ 165,865	\$ 485,044	\$ 149,973	\$ 155,718	\$ 439,190	\$ 130,178	\$ 211,960	\$ 311,653	\$ 73,742	\$ 3,946,045
Non-Operating disbursements	\$ 1,565	\$ 1,549	\$ 1,387	\$ 1,430	\$ 1,623	\$ 1,355	\$ 3,410	\$ 1,132	\$ 1,582	\$ 2,204	\$ 1,900	\$ 2,600	\$ 21,737
TAN - Interest Expense	-	-	-	-	-	-	-	-	-	-	-	21,360	21,360
TOTAL EXPENDITURES AND DISBURSEMENTS	\$ 715,942	\$ 949,185	\$ 162,096	\$ 167,295	\$ 486,667	\$ 151,328	\$ 159,128	\$ 440,322	\$ 131,760	\$ 214,164	\$ 313,553	\$ 97,702	\$ 3,989,142
ENDING CASH BALANCE BEFORE BORROWING	\$ (166,396)	\$ (863,731)	\$ (716,349)	\$ (618,713)	\$ (872,464)	\$ (740,526)	\$ (610,070)	\$ (820,220)	\$ (696,540)	\$ (226,983)	\$ (249,750)	\$ 135,804	\$ 135,804
Beginning After-Borrowing Cash Balance	\$ 254,644	\$ 373,604	\$ (323,731)	\$ (176,349)	\$ (78,713)	\$ (332,464)	\$ (200,526)	\$ (70,070)	\$ (280,220)	\$ (156,540)	\$ 313,017	\$ 290,250	\$ 254,644
Borrowing													
Receipt	\$ 540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000
(Repayment)	-	-	-	-	-	-	-	-	-	-	-	(540,000)	(540,000)
Total Net Borrowing	\$ 540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (540,000)	\$ -
NET RECEIPTS OVER (UNDER) DISBURSEMENT	\$ (421,040)	\$ (697,335)	\$ 147,382	\$ 97,636	\$ (253,751)	\$ 131,938	\$ 130,456	\$ (210,150)	\$ 123,680	\$ 469,557	\$ (22,767)	\$ 385,554	\$ (118,840)
ENDING AFTER-BORROWING CASH BALANCE ⁽¹⁾	\$ 373,604	\$ (323,731)	\$ (176,349)	\$ (78,713)	\$ (332,464)	\$ (200,526)	\$ (70,070)	\$ (280,220)	\$ (156,540)	\$ 313,017	\$ 290,250	\$ 135,804	\$ 135,804

Note: Mid-month deficit for Fiscal Year 2019 on August 13, 2018, was \$1,032,840,251.

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

Source: Division of Financial Management

TABLE 4
STATE OF IDAHO
PROJECTED GENERAL FUND CASH FLOW
FOR THE FISCAL YEAR ENDING JUNE 30, 2020

(000 Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
BEGINNING CASH BALANCE BEFORE BORROWING ⁽¹⁾	\$ 135,804	\$ (152,891)	\$ (883,598)	\$ (736,502)	\$ (579,241)	\$ (846,867)	\$ (672,403)	\$ (448,622)	\$ (695,796)	\$ (563,935)	\$ (949)	\$ (53,627)	\$ 135,804
REVENUES AND RECEIPTS													
Revenues													
Individual Income Tax	\$ 109,028	\$ 111,138	\$ 118,857	\$ 135,752	\$ 113,381	\$ 160,896	\$ 203,532	\$ 107,438	\$ 136,620	\$ 484,645	\$ 110,560	\$ 162,412	\$ 1,954,259
Corporate Income Tax	9,048	3,532	41,572	12,792	5,244	34,333	15,314	5,382	23,615	55,908	11,455	50,926	269,121
Sales Tax	149,571	144,053	145,948	149,750	133,914	131,880	163,497	111,753	118,684	137,737	134,243	144,933	1,665,963
Product Taxes	4,477	12,520	4,938	4,668	4,703	4,690	4,558	4,448	4,514	4,684	4,627	4,873	63,700
Miscellaneous Revenues	5,947	2,515	12,594	3,199	2,421	10,857	2,863	6,333	7,871	3,532	3,746	54,349	116,227
Total Revenues	278,071	273,758	323,909	306,161	259,663	342,656	389,764	235,354	291,304	686,506	264,631	417,493	4,069,270
Transfers to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Revenue Receipts	1,300	1,500	1,100	1,600	1,700	1,400	2,100	1,800	1,500	1,500	1,900	2,400	19,800
TOTAL REVENUES AND RECEIPTS	\$ 279,371	\$ 275,258	\$ 325,009	\$ 307,761	\$ 261,363	\$ 344,056	\$ 391,864	\$ 237,154	\$ 292,804	\$ 688,006	\$ 266,531	\$ 419,893	\$ 4,089,070
EXPENDITURES AND DISBURSEMENTS													
Expenditures													
Personnel Costs	\$ 53,316	\$ 51,610	\$ 57,280	\$ 64,068	\$ 99,704	\$ 71,868	\$ 70,107	\$ 63,086	\$ 56,794	\$ 33,019	\$ 48,891	\$ 33,842	\$ 703,585
Operating Costs	28,223	24,670	20,900	11,289	12,357	12,052	12,727	11,202	14,166	13,359	16,214	40,777	217,936
Capital Outlay	3,488	1,138	1,788	1,447	1,307	1,761	1,294	896	892	825	1,568	2,939	19,343
Trustee and Benefit Payments	85,399	6,724	15,246	4,754	5,606	2,501	7,645	6,686	5,657	8,875	9,079	6,397	164,569
Operating Transfers - Public Schools	230,826	833,791	-	-	333,516	-	-	333,516	-	-	166,758	-	1,898,407
Operating Transfers - All Others	165,614	86,332	81,699	67,342	74,799	80,010	74,110	67,342	81,834	67,342	74,799	60,684	981,907
Total Expenditures	\$ 566,866	\$ 1,004,265	\$ 176,913	\$ 148,900	\$ 527,289	\$ 168,192	\$ 165,883	\$ 482,728	\$ 159,343	\$ 123,420	\$ 317,309	\$ 144,639	\$ 3,985,747
Non-Operating Disbursements	1,200	1,700	1,000	1,600	1,700	1,400	2,200	1,600	1,600	1,600	1,900	2,600	20,100
TOTAL EXPENDITURES AND DISBURSEMENTS	\$ 568,066	\$ 1,005,965	\$ 177,913	\$ 150,500	\$ 528,989	\$ 169,592	\$ 168,083	\$ 484,328	\$ 160,943	\$ 125,020	\$ 319,209	\$ 147,239	\$ 4,005,847
ENDING CASH BALANCE BEFORE BORROWING	\$ (152,891)	\$ (883,598)	\$ (736,502)	\$ (579,241)	\$ (846,867)	\$ (672,403)	\$ (448,622)	\$ (695,796)	\$ (563,935)	\$ (949)	\$ (53,627)	\$ 219,027	\$ 219,027
Beginning After-Borrowing Cash Balance	\$ 135,804	\$ (152,891)	\$ (883,598)	\$ (736,502)	\$ (579,241)	\$ (846,867)	\$ (672,403)	\$ (448,622)	\$ (695,796)	\$ (563,935)	\$ (949)	\$ (53,627)	\$ 135,804
Borrowing													
Internal Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Notes:	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
(Repayment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Borrowing	\$ -	\$ -	\$ -	\$ -									
NET RECEIPTS OVER (UNDER) DISBURSEMENT	\$ (288,695)	\$ (730,707)	\$ 147,096	\$ 157,261	\$ (267,626)	\$ 174,464	\$ 223,781	\$ (247,174)	\$ 131,861	\$ 562,986	\$ (52,678)	\$ 272,654	\$ 83,223
ENDING AFTER-BORROWING CASH BALANCE ⁽²⁾	\$ (152,891)	\$ (883,598)	\$ (736,502)	\$ (579,241)	\$ (846,867)	\$ (672,403)	\$ (448,622)	\$ (695,796)	\$ (563,935)	\$ (949)	\$ (53,627)	\$ 219,027	\$ 219,027

Note: Mid-month cash flow deficit for Fiscal Year 2019 on or about August 15, 2019, is projected to be \$1,058,578,286.

Mid-month cash flow deficit for Fiscal Year 2019 on or about November 15, 2019, is projected to be \$978,160,720.

- (1) Beginning cash balance includes an encumbrance reserve of \$13,000,000.
- (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, 2020

(000 omitted)	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Total
BEGINNING CASH BALANCE	\$ 135,804	\$ (736,502)	\$ (672,403)	\$ (563,935)	\$ 135,804
REVENUES AND RECEIPTS					
Revenues					
Individual Income Tax	\$ 339,023	\$ 410,029	\$ 447,590	\$ 757,617	\$ 1,954,259
Corporate Income Tax	54,152	52,369	44,311	118,289	269,121
Sales Tax	439,572	415,544	393,934	416,913	1,665,963
Product Taxes	21,935	14,061	13,520	14,184	63,700
Miscellaneous Revenues	21,056	16,477	17,067	61,627	116,227
Total Revenues	\$ 875,738	\$ 908,480	\$ 916,422	\$ 1,368,630	\$ 4,069,270
Non-revenue Receipts	3,900	4,700	5,400	5,800	19,800
TOTAL REVENUES AND RECEIPTS	\$ 879,638	\$ 913,180	\$ 921,822	\$ 1,374,430	\$ 4,089,070
EXPENDITURES AND DISBURSEMENTS					
Expenditures					
Personnel Costs	\$ 162,206	\$ 235,640	\$ 189,987	\$ 115,752	\$ 703,585
Operating Expense	73,793	35,698	38,095	70,350	217,936
Capital Outlay	6,414	4,515	3,082	5,332	19,343
Trustee and Benefit Payments	107,369	12,861	19,988	24,351	164,569
Operating Transfers-Public Schools	1,064,617	333,516	333,516	166,758	1,898,407
Operating Transfers-All Other	333,645	222,151	223,286	202,825	981,907
Total Appropriated Expenditures	\$ 1,748,044	\$ 844,381	\$ 807,954	\$ 585,368	\$ 3,985,747
Non-Operating Disbursements	3,900	4,700	5,400	6,100	20,100
Net Interest Revenues/Expenditures on TAN	-	-	-	-	-
TOTAL EXPENDITURES AND DISBURSEMENTS	\$ 1,751,944	\$ 849,081	\$ 813,354	\$ 591,468	\$ 4,005,847
TAX ANTICIPATION NOTES:					
Receipt	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment	-	-	-	-	-
ENDING CASH BALANCE ⁽¹⁾	\$ (736,502)	\$ (672,403)	\$ (563,935)	\$ 219,027	\$ 219,027

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

Source: Division of Financial Management

Assumptions Underlying the Monthly Allocation of Fiscal Year 2020 General Fund Disbursements

The Fiscal Year 2020 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 2020 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 3, 4, and 5.

THE ESTIMATES OF AMOUNTS AND TIMING FOR RECEIPTS AND DISBURSEMENTS FOR THE FISCAL YEAR 2020 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 2020 General Fund budget, and Table 7 provides historical information on the State's revenues and expenditures. Each table shows a breakdown of the various revenues that make up the General Fund budget, as well as a breakdown of the expenditures, and each table reflects current projections, which have been updated to adjust for 2019 legislative changes.

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TABLE 6
STATE OF IDAHO
GENERAL FUND
SUMMARY OF THE FISCAL YEAR 2020 BUDGET (Cash Basis)

(000s omitted)	BUDGET	PERCENT
UNOBLIGATED CASH BALANCE JULY 1	\$ 122,804	
Add Beginning Encumbrances	13,000	
Beginning Cash Balance	<u>\$ 135,804</u>	
REVENUES		
Individual Income Tax	\$ 1,954,259	48.03%
Corporate Income Tax	269,121	6.61%
Sales Tax	1,665,963	40.94%
Cigarette Tax	7,939	0.20%
Tobacco Tax	14,581	0.36%
Beer and Wine Tax	7,313	0.18%
Kilowatt Tax	2,000	0.05%
Mine License Tax	125	0.00%
Liquor Surcharge	33,867	0.83%
Estate Tax	-	0.00%
Insurance Premium Tax	68,416	1.68%
Total Taxes	<u>\$ 4,023,584</u>	98.88%
State Treasurer	12,390	0.30%
Court Fines	7,850	0.19%
Miscellaneous	25,446	0.62%
TOTAL REVENUES	\$ 4,069,270	99.99%
Transfers and Non- Revenue Receipts	<u>19,800</u>	
TOTAL REVENUES AND TRANSFERS	\$ 4,089,070	
EXPENDITURES		
Public Schools	\$ 1,898,407	47.63%
Higher Education	427,111	10.72%
Health and Welfare	865,298	21.71%
All Others	794,931	19.94%
TOTAL APPROPRIATED EXPENDITURES	\$ 3,985,747	100.00%
Nonoperating Disbursements	\$ (20,100)	
Net Interest Revenues/Expenses on TAN	<u>-</u>	
Ending Cash Balance	\$ 219,027	
Less Encumbrances/Reappropriations	<u>-</u>	
UNOBLIGATED CASH BALANCE JUNE 30	\$ 219,027	

Source: Division of Financial Management

TABLE 7
STATE OF IDAHO
STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
FISCAL YEARS 2015-2019 (Cash Basis)

(000s omitted)	2019 ⁽¹⁾	% of Total	2018	% of Total	2017	% of Total	2016	% of Total	2015	% of Total
UNOBLIGATED CASH BALANCE JULY 1	\$ 238,951		\$ 100,886		\$ 51,800		\$ 44,946		\$ 44,432	
Add Beginning Encumbrances/Reappropriations	<u>15,693</u>		<u>18,373</u>		<u>18,543</u>		<u>16,965</u>		<u>13,907</u>	
Beginning Cash Balance	\$ 254,644		\$ 119,259		\$ 70,343		\$ 61,911		\$ 58,339	
REVENUES										
Individual Income Tax	\$ 1,773,480	47.08%	\$1,828,283	48.99%	\$1,651,200	47.88%	\$ 1,513,167	47.53%	\$ 1,470,858	47.97%
Corporate Income Tax	230,881	6.13%	238,709	6.40%	214,020	6.21%	186,868	5.87%	215,402	7.02%
Sales Tax	1,575,564	41.83%	1,490,015	39.93%	1,382,420	40.09%	1,303,028	40.93%	1,218,767	39.75%
Cigarette Tax	10,388	0.28%	7,306	0.20%	9,980	0.29%	7,900	0.25%	3,338	0.11%
Tobacco Tax	14,177	0.38%	13,253	0.36%	12,650	0.37%	11,596	0.36%	9,961	0.32%
Beer and Wine Tax	7,015	0.19%	6,780	0.18%	6,590	0.19%	6,416	0.20%	6,181	0.20%
Kilowatt Tax	2,200	0.06%	2,592	0.07%	2,110	0.06%	1,877	0.06%	1,800	0.06%
Mine License Tax	100	0.00%	24	0.00%	50	0.00%	(247)	-0.01%	500	0.02%
Liquor Surcharge	33,235	0.88%	30,960	0.83%	28,880	0.84%	25,890	0.81%	25,480	0.83%
Insurance Premium Tax	67,886	1.80%	70,486	1.89%	75,420	2.19%	72,123	2.27%	56,735	1.85%
Total Taxes	\$ 3,714,926	98.63%	\$3,688,408	98.85%	\$3,383,320	98.12%	\$ 3,128,618	98.27%	\$ 3,009,022	98.13%
State Treasurer	\$ 6,389	0.17%	\$ 4,655	0.12%	\$ (150)	0.00%	\$ 324	0.01%	\$ (337)	-0.01%
Court Fines	7,852	0.21%	9,184	0.25%	8,440	0.24%	6,025	0.19%	4,919	0.16%
Estate Tax	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Miscellaneous	37,534	0.99%	29,359	0.78%	56,800	1.64%	48,725	1.53%	52,797	1.72%
TOTAL REVENUES	\$ 3,766,701	100.00%	\$3,731,606	100.00%	\$3,448,410	100.00%	\$ 3,183,692	100.00%	\$ 3,066,401	100.00%
EXPENDITURES										
Public Schools	\$ 1,817,266	46.05%	\$1,685,262	46.87%	\$1,584,669	46.35%	\$ 1,475,784	45.91%	\$ 1,370,783	44.64%
Higher Education	388,873	9.85%	388,750	10.81%	376,472	11.01%	343,832	10.70%	331,358	10.79%
Health and Welfare	726,516	18.41%	726,515	20.21%	670,085	19.60%	628,567	19.56%	620,119	20.20%
All Others	1,013,390	25.69%	794,831	22.11%	787,325	23.04%	766,143	23.83%	748,314	24.37%
TOTAL APPROPRIATED EXPENDITURES	\$ 3,946,045	100.00%	\$3,595,358	100.00%	\$3,418,551	100.00%	\$ 3,214,326	100.00%	\$ 3,070,574	100.00%
Nonoperating Rec./Disb. (Net)	\$ 81,864		\$ 18,352		\$ 29,029		\$ 49,038		\$ 18,596	
Interest Expense on TAN	<u>(21,360)</u>		<u>(19,215)</u>		<u>(9,972)</u>		<u>(9,972)</u>		<u>(9,474)</u>	
Ending Cash Balance	\$ 135,804		\$ 254,644		\$ 119,259		\$ 70,343		\$ 63,288	
Less Encumbrances/Reappropriations	<u>(13,000)</u>		<u>(15,693)</u>		<u>(18,373)</u>		<u>(18,543)</u>		<u>(18,342)</u>	
UNOBLIGATED CASH BALANCE JUNE 30	\$ 122,804		\$ 238,951		\$ 100,886		\$ 51,800		\$ 44,946	

(1) Fiscal Year 2019 estimated. Actual through April with estimates for May and June 2019.

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 8 and Table 9 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 Fund 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 \$4,934,772,000 on June 30, 2020.

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 2020 Borrowable Cash Resources of \$4,934,772,000 provides approximately 8.89x 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 8 and 9.

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**TABLE 8
STATE OF IDAHO
BORROWABLE CASH RESOURCES
FISCAL YEARS -2015-2020**

(000 omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
ACTUAL												
Fiscal Year 2014	\$ 3,088,833	\$ 3,281,966	\$ 3,518,298	\$ 3,310,253	\$ 3,389,061	\$ 3,638,226	\$ 3,433,247	\$ 3,451,724	\$ 3,492,407	\$ 3,362,007	\$ 3,178,720	\$ 3,515,761
Fiscal Year 2015	3,350,797	3,710,998	3,531,117	3,374,115	3,467,401	3,806,252	3,686,558	3,884,248	3,176,046	3,609,638	3,699,980	4,054,894
Fiscal Year 2016	3,786,714	4,124,333	3,905,971	3,772,449	3,877,290	4,354,611	4,134,423	4,326,724	4,333,208	4,034,423	3,917,218	4,160,840
Fiscal Year 2017	3,925,246	4,551,716	4,223,362	4,128,620	4,220,285	4,461,467	4,418,946	4,599,397	4,422,001	4,257,542	4,232,411	4,636,451
Fiscal Year 2018	4,314,322	4,894,711	4,532,925	4,602,371	4,508,448	4,943,083	4,914,330	5,171,090	5,040,091	4,885,987	4,784,406	5,137,227
Fiscal Year 2019 ⁽¹⁾	5,025,450	5,759,741	5,254,783	5,029,959	5,216,801	5,669,863	5,356,703	5,568,265	5,422,386	5,328,933	5,253,933	5,273,933
ESTIMATE												
Fiscal Year 2020	\$ 4,162,407	\$ 4,816,303	\$ 4,471,506	\$ 4,460,611	\$ 4,458,994	\$ 4,797,069	\$ 4,761,911	\$ 4,981,168	\$ 4,827,236	\$ 4,201,807	\$ 4,600,948	\$ 4,934,772

(1) May-June estimated.

Source: *Division of Financial Management*

TABLE 9
STATE OF IDAHO
ESTIMATED AVAILABLE BORROWABLE CASH RESOURCES
FISCAL YEAR 2020

(000's Omitted)	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
NON-INTEREST BEARING												
Lottery	\$ 4,306	\$ 9,406	\$ 12,764	\$ 17,420	\$ 21,488	\$ 25,688	\$ 31,068	\$ 33,692	\$ 38,898	\$ 43,966	\$ 47,903	\$ 50,481
Co-Op Welfare	(16,426)	(15,234)	2,501	(32,793)	(27,824)	(15,549)	(27,254)	(39,925)	(8,914)	(10,959)	(35,782)	(20,538)
Co-Op DEQ	3,399	3,368	3,181	3,436	4,175	3,293	3,796	3,798	4,130	3,033	3,987	997
Tax Commission Refunds	24,053	43,412	72,517	91,931	105,089	140,036	190,115	126,576	57,243	74,176	50,042	1,632
Circuit Breaker/Sales Tax	22,573	43,873	65,535	32,664	52,687	53,818	25,943	43,476	61,570	33,833	54,130	57,135
Department of Lands	17,827	17,664	17,751	18,184	18,030	18,058	19,879	20,101	19,479	19,300	18,969	18,544
State Regulatory Agency Accounts	57,754	56,801	56,413	56,191	58,736	57,024	61,953	63,379	66,688	66,892	70,994	69,902
All Other Non-Interest Bearing Funds	436,714	432,544	164,142	431,705	322,567	265,210	486,822	514,007	484,732	518,884	446,170	454,085
TOTAL NON-INTEREST BEARING	\$ 550,200	\$ 591,834	\$ 394,804	\$ 618,738	\$ 554,948	\$ 547,578	\$ 792,322	\$ 765,104	\$ 723,826	\$ 287,351	\$ 656,413	\$ 632,238
INTEREST BEARING												
Permanent Building	\$ 68,533	\$ 66,842	\$ 62,591	\$ 61,060	\$ 59,220	\$ 39,830	\$ 37,881	\$ 36,592	\$ 34,718	\$ 37,166	\$ 33,716	\$ 33,346
Water Pollution Control	1,628	1,576	1,531	1,774	1,544	1,945	1,662	2,064	1,842	1,611	2,013	2,415
Endowments	77,050	77,658	77,972	78,426	78,865	79,214	78,521	78,283	77,785	77,525	76,747	76,096
Public School Income	150,704	151,971	155,859	151,563	158,056	150,448	135,776	106,062	107,744	97,542	68,277	46,445
Unemployment Clearing	7,546	9,533	9,114	14,465	14,211	9,489	14,864	10,446	8,437	9,466	8,758	7,880
Group Insurance	56,075	60,913	61,050	74,316	76,513	73,289	78,262	70,778	72,142	78,488	84,334	74,914
State Highway Accounts	117,968	131,830	128,432	92,345	97,575	113,151	88,863	107,161	129,211	99,361	120,910	140,194
Budget Reserve	373,183	373,183	373,183	373,183	373,183	373,183	373,183	373,183	373,183	373,183	373,183	373,183
Risk Management	1,808	5,098	6,933	6,838	6,415	5,658	5,183	4,557	3,897	3,339	3,072	2,348
Idaho Millennium Fund	37,197	37,206	37,215	37,224	37,233	37,242	37,251	37,260	37,269	37,278	37,287	37,296
Land Improvement	34,947	34,911	37,583	28,190	29,100	29,641	31,487	31,905	28,507	24,409	28,586	26,245
Liquor Control	11,231	8,579	11,680	8,943	12,045	17,047	14,386	12,464	18,988	14,071	19,693	15,943
Petroleum Price	3,389	3,398	3,330	3,338	3,324	3,314	3,290	3,287	3,289	3,299	3,289	3,270
Interagency Billing Accounts	12,875	13,511	13,661	13,309	13,333	12,674	14,253	14,125	14,427	14,705	14,249	14,855
Local Government Investment Pool	1,716,142	2,255,565	2,100,611	1,896,494	1,932,528	2,298,133	2,052,768	2,289,432	2,155,285	2,005,691	2,029,819	2,360,264
Catastrophic Health Care	26,185	25,371	25,468	23,143	22,641	20,234	20,576	18,476	15,335	14,125	13,993	11,368
All Other Interest Bearing funds	915,746	967,324	970,489	977,262	988,260	984,999	981,383	1,019,989	1,021,351	1,023,197	1,026,609	1,076,472
TOTAL INTEREST BEARING	\$ 3,612,207	\$ 4,224,469	\$ 4,076,702	\$ 3,841,873	\$ 3,904,046	\$ 4,249,491	\$ 3,969,589	\$ 4,216,064	\$ 4,103,410	\$ 3,914,456	\$ 3,944,535	\$ 4,302,534
TOTAL INTERNAL CASH BORROWING RESOURCES	\$ 4,162,407	\$ 4,816,303	\$ 4,471,506	\$ 4,460,611	\$ 4,458,994	\$ 4,797,069	\$ 4,761,911	\$ 4,981,168	\$ 4,827,236	\$ 4,201,807	\$ 4,600,948	\$ 4,934,772

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 2020 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 2010.

TABLE 10
INTERNAL BORROWINGS OVER 30 DAYS

Fiscal Year	Par Amount	Issued	Repaid
2010	\$280,717,000	11/12/2009	01/13/2010
2010	125,000,000	03/19/2010	06/30/2010
2010	65,000,000	06/04/2010	06/30/2010
2011	67,233,755	06/17/2011	06/30/2011
2012	64,478,000	06/05/2012	06/29/2012
2013	176,709,500	12/17/2012	01/29/2013
2013	178,859,250	05/14/2013	06/28/2013
2014	188,844,450	12/17/2013	03/24/2014
2014	239,542,100	05/13/2014	06/30/2014
2015	27,003,000	09/25/2014	01/23/2015
2016	82,343,000	09/25/2015	03/29/2016
2017	190,720,000	09/23/2016	10/31/2016
2017	239,338,000	12/16/2016	01/23/2017
2017	91,994,420	05/31/2017	06/30/2017
2018	339,073,166	09/10/2017	10/26/2017
2018	204,950,722	11/29/2017	01/5/2018
2018	51,694,325	03/14/2018	03/21/2018
2018	47,005,981	05/23/2018	06/19/2018
2019	365,202,499	09/12/2018	(1)

(1) September 12, 2018 internal borrowing not yet repaid.

Source: Idaho State Treasurer

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Tax Anticipation Notes

In the past ten fiscal years the State Treasurer has issued TANs which were sold in the open market. The following table sets forth the TANs issued by the State Treasurer for the past ten fiscal years.

TABLE 11
TAX ANTICIPATION NOTES
FISCAL YEARS 2010-2019

Fiscal Year	External Notes	Note Payment Account Fully Funded
2010	\$500,000,000	04/23/2010
2011	500,000,000	05/05/2011
2012	500,000,000	04/24/2012
2013	500,000,000	04/16/2013
2014	500,000,000	04/21/2014
2015	475,000,000	04/23/2015
2016	500,000,000	04/25/2016
2017	500,000,000	04/24/2017
2018	485,770,000	04/24/2018
2019	540,000,000	04/23/2019

Source: Idaho State Treasurer

Series 2018 Notes

The State issued \$540,000,000 in Tax Anticipation Notes, Series 2018 (the “2018 Notes”), on July 2, 2018, to mature on June 28, 2019. The 2018 Notes were issued in anticipation of the General Tax Revenues to be received by the General Fund during the fourth quarter of Fiscal Year 2019. In accordance with the Act, all General Tax Revenues collected during the fourth quarter of Fiscal Year 2019 were deposited as received into the special fund and account known as the “Tax Anticipation Notes, Series 2018, Note Payment Account” (the “2018 Note Payment Account”) until the moneys therein, together with investment earnings, were sufficient to pay principal of and interest on the 2018 Notes at maturity.

Sufficient moneys to redeem the 2018 Notes with full payment of interest at maturity have been deposited into the 2018 Note Payment Account held by the Escrow Agent and irrevocably set aside solely for the June 28, 2019, payment of the principal of and interest on the 2018 Notes. The State Treasurer began funding the 2018 Note Payment Account on April 9, 2019, and had deposited into the 2018 Note Payment Account as of April 23, 2019, a total of \$561,363,287.67, fully funding the 2018 Note Payment Account.

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 529 days as of March 31, 2019.

Moneys in the 2019 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 2019 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 2019 Note Payment Account in securities that mature no later than June 30, 2020.

RECENT DEVELOPMENTS

The following are recent developments that will take effect in Fiscal Year 2020. 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 2019. Furthermore, all projections included in Tables 1-9 of this Preliminary Official Statement account for all additional expenses and budgetary changes described herein.

Medicaid Expansion

The Executive Budget provided for the implementation of Idaho Proposition 2, which will expand Medicaid eligibility to those Idahoans under 65 whose income is equal to or less than 133% of the poverty level and who are not eligible for other state insurance. The Executive Budget provided for such implementation with a net-zero impact on the State's General Fund, after accounting for projected offsets from costs already borne by the State and by leveraging the State's Millennium Fund, which was established as an endowment fund to receive, invest and disburse funds that the State received as a result of the master settlement with tobacco companies. The balance of the Millennium Fund at the end of Fiscal Year 2018 was approximately \$37,494,351. The Legislature added a total of \$2,610,600 for costs associated with developing and implementing various waivers that add requirements for Idahoans that are eligible for Medicaid based on the law change to expand Medicaid.

Transportation Financing

Senate Bill 1065 amended the State's Transportation Expansion and Congestion Mitigation Program (the "TECM Program"), Idaho Code § 40-720, to provide a bonding mechanism for the funds already received under the TECM Program. Senate Bill 1065 creates the ability to use the Idaho Housing and Finance Association to issue bonds, secured by the TECM Program funds, to finance projects approved by the Idaho Transportation Board. Idaho Code § 40-720 currently requires 1% of the State's gross sales tax collections, less refunds, to be transferred to the TECM Program. See "Sales Tax (Title 63, Chapter 36, Idaho Code)" below. Senate Bill 1065 creates a continual appropriation of at least \$15,000,000, expected to come from the 1% of gross sales tax collections. The State expects bonds may be issued for the TECM Program in 2020.

Investing in K-through-Career Education

The Governor recommended, and the Legislature appropriated budget increases of 5.9% for K-12 public schools, 4.8% for colleges and universities, and 3.6% for community colleges. Part of the 5.9% budget increase for K-12 public schools is to raise the starting salary of teachers to \$40,000 over the next two years. Other investments from budget increases include literacy support for kindergarten through third grade, establishing master educator premiums to recognize and financially reward outstanding educators, additional funding for the Advanced Opportunities Program, which allows high school students to enroll in dual credits or technical competency credits, and increasing the resources available for the Opportunity Scholarship Program, which awards partial college scholarships to eligible applicants.

Charter School Guaranty

Senate Bill 1180 created a credit enhancement program for stable public charter schools to obtain lower interest rates on bonds, similar to the program available to traditional public schools in the State. This credit enhancement is intended to result in lower interest rates on bonds issued by charter schools utilizing the program. Senate Bill 1180 further established a separate fund in the State treasury, which participating charter schools are required to pay into, to give lenders comfort that there is a backstop to cover a potential missed principal or interest payment in the event participating charter schools do not have other available funds. The Legislature may appropriate new money or transfer money from other existing funds for this purpose. However, Senate Bill 1180 did not create a minimum or specific amount that is required to be in the fund at any time.

Executive Orders

This year the Governor has issued three Executive Orders related to two of his priorities of (i) a robust economy and (ii) confidence in State government.

The Licensing Freedom Act of 2019, Executive Order 2019-01, was enacted in furtherance of the Licensing Freedom Act of 2017 and outlines a process for improvements, modification, and/or elimination of licensing requirements or other regulatory burdens while still ensuring public protection.

The Red Tape Reduction Act, Executive Order 2019-02, requires each executive branch agency with the authority to issue administrative rules to undertake a critical and comprehensive review of each respective agency's administrative rules to identify costly, ineffective, or outdated regulations that can be simplified or eliminated in order to ensure that burdensome regulations do not create undue burden or high costs on businesses, inhibit job growth or impede private sector investment.

Executive Order 2019-03 creates the Regional Government Efficiency Working Group, which will study the efficiency of State government regional offices in order to maintain transparency and accessibility. The Regional Government Efficiency Working Group will make recommendations to the Governor regarding areas where efficiencies can be made and where customer service can be improved within State regional offices.

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)

Collections from the individual income tax are based on a graduated scale of tax rates from 1.125% up to 6.925%, which rates were reduced by 0.475% in all brackets effective January 1, 2018, in conforming to the Internal Revenue Code. Although the State conforms to most of the federal income tax provisions for determining taxable income, a number of differences exist. The State’s definition of taxable income excludes 100% of social security income, 60% of certain capital gains, and 100% of interest earned on U.S. government securities. The official revenue forecast for individual income tax was adjusted downward in January of 2019. Individual income tax revenues through April 2019 are approximately \$91,487,200 below the official revenue forecast, which is a variance of -5.9%.

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 statute to be deposited in the State Refund Account and held for individual and corporate tax refunds. Any balance exceeding \$1,500,000 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.

TABLE 12
STATE OF IDAHO
INDIVIDUAL INCOME TAX NET COLLECTIONS

Fiscal Year	General Fund	Permanent Building Fund	Total
2009	\$ 1,167,889,064	\$ 6,378,960	\$ 1,174,268,024
2010	1,061,875,201	6,064,810	1,067,940,011
2011	1,152,651,023	5,887,570	1,158,538,593
2012	1,206,406,502	5,793,320	1,212,199,822
2013	1,284,383,928	6,452,110	1,290,836,038
2014	1,329,264,562	6,297,350	1,335,561,912
2015	1,470,856,953	6,282,609	1,477,139,562
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

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. Sales tax receipts are distributed in the following manner. Approximately 11.5% of the gross sales tax collections less refunds are distributed to local government (“revenue sharing”). The Transportation Expansion and Congestion Mitigation Fund receives 1.0% of the amount remaining after revenue sharing. The Permanent Building Fund is allocated \$5,000,000. The Water Pollution Control Fund receives \$4,800,000. Another \$8,487,103 funds the Agricultural Equipment Property Tax Exemption, and \$18,852,109 is dedicated to Personal Property Tax Relief. Other distributions are made to fund the Demonstration Pilot Project and Election Consolidation. All the remaining revenue accrues to the General Fund.

Beginning July 1, 2018, the definition of retailers doing business in Idaho was amended to include out-of-state retailers that generate sales of \$10,000 or more through affiliated Idaho persons. This primarily impacts online sales. The State projected such a change would be revenue-neutral as Idaho customers have already been individually required to report and pay sales tax on such purchases. The State's projection was correct. Sales tax revenues through April 2019 are approximately \$9,877,800 ahead of the official revenue forecast, which is a variance of 0.8%.

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

TABLE 13
STATE OF IDAHO
GENERAL FUND SALES TAX RECEIPTS
(000s omitted)

Fiscal Year	Amount	Fiscal Year	Amount
2009	\$1,022,202	2014	\$1,145,732
2010	955,609	2015	1,218,770
2011	972,380	2016	1,303,028
2012	1,027,344	2017	1,382,418
2013	1,109,829	2018	1,490,015

Source: State Tax Commission

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

Collections from the corporate income tax are based on a flat rate of 6.925% applied to corporate taxable income, effective January 1, 2018. The corporate income tax rate was reduced by 0.475% in conformity to the Internal Revenue Code, reducing the rate from 7.4%, which was in place from 2012-2017. State law adopts the provisions of the Internal Revenue Code with the exceptions of the investment tax credit and bonus depreciation provided for in Section 168(k) of the Internal Revenue Code. The official revenue forecast for corporate income tax was adjusted upward in January 2019. Corporate income tax revenues through April 2019 are approximately \$46,468,400 ahead of the official revenue forecast, which is a variance of 24.6%.

An amount equal to 20% of the corporate income taxes collected by the State Tax Commission is deposited in the State Refund Account. Any balance exceeding \$1,500,000 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. All other revenues from the corporate income tax accrue to the General Fund.

TABLE 14
STATE OF IDAHO
CORPORATE NET INCOME TAX

Fiscal Year	General Fund Receipts	Permanent Building Fund	Total
2009	\$141,025,367	\$503,570	\$141,528,937
2010	97,021,048	490,255	97,511,303
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

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, Department of Juvenile Corrections, the Permanent Building Fund, the General Fund portion of the Bond Levy Program, the 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 Transportation Expansion and Congestion Mitigation 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.

Beer Tax (Section 23-1008, Idaho Code). A tax of \$4.65 per 31-gallon barrel, or its equivalent, is levied on beer sold in the State. Beer containing more than 4% alcohol by weight is taxed as wine. Of the total beer tax, 20% is distributed to the Substance Abuse Treatment Fund, 33% to the Permanent Building Fund, and the remaining 47% 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% goes to the Idaho Grape Growers and Wine Producers Commission Fund, and the remaining 83% 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, 66% 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 based on sales.

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 Fund, 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.

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 included in alternative minimum taxable income as defined in Section 55(b)(2) of the Code under present federal income tax laws.

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 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 Jaffray & 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.

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 11, 2019

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APPENDIX A
SELECTED DATA ON THE STATE OF IDAHO

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**APPENDIX A
SELECTED DATA ON THE STATE OF IDAHO**

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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.

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

The Statewide Accounting and Reporting System is an accounting, financial reporting, and budgetary control system; 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 a Comprehensive Annual Financial Report (“CAFR”) in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (“GASB”). The State’s CAFR

can be viewed at <http://www.sco.idaho.gov>. The CAFR 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 since 1997.

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 has not produced its own revenue forecast since 1993. However, 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 2019, the EORAC recommended that the Governor’s Fiscal Year 2019 General Fund revenue projection of \$3,750,320,600 was reasonable. Further, the EROAC recommended a revenue estimate of \$3,964,200,000 for Fiscal Year 2020, or \$93,200,000 below the Governor’s Fiscal Year 2020 revenue estimate. The Legislative Joint Finance and Appropriations Committee adopted the Governor’s and EROAC’s Fiscal Year 2019 General Fund revenue projection, but chose to adopt a Fiscal Year 2020 revenue estimate of \$4,012,842,900, which is \$48,642,900 more than the EROAC recommendation and \$44,587,000 less than the Governor’s recommendation.

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 and estimated for 2019 are listed below. These figures represent the ending cash balance less encumbrances.

**TABLE 12
UNOBLIGATED CASH BALANCES**

Fiscal Year	Unobligated Cash Balance
2009	\$13,500
2010	37,500
2011	68,618,000
2012	99,604,600
2013	79,952,900
2014	44,432,700
2015	44,946,500
2016	50,546,300
2017	100,886,700
2018	238,951,100
2019 (est.)	122,804,000

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 13. A full description of each fund is included below, as well as a description of the Economic Recovery Reserve Fund (the “ERRF”), which is shown in Table 13 as part of the Budget Stabilization Fund.

**TABLE 13
STATE RESERVE FUNDS**

Fiscal Year	Budget Stabilization Fund ⁽¹⁾	Public Education Stabilization Fund	Higher Education Stabilization Fund
2015	243,877,449	90,947,795	3,492,122
2016	279,536,273	88,551,241	3,063,944
2017	319,105,480	85,042,698	8,866,231
2018	353,682,451	64,349,703	5,287,272
2019 (est.)	373,182,793	81,516,220	7,714,328
2020 (est.)	373,182,793	95,316,220	10,134,328

Note: Table does not tie to numbers in respective CAFR because Table 13 only displays the unobligated balance available.

(1) Includes Economic Recovery Reserve Fund.

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 Account subject to the provisions of Section 67-1210, Idaho Code.

If the State Controller certifies that the receipts to the General Fund for the fiscal year just ending have exceeded the receipts of the previous fiscal year by more than four percent (4%), then the State Controller shall transfer all General Fund collections in excess of said four percent (4%) increase to the Budget Stabilization Fund, up to a maximum of one percent (1%) of the actual general fund collections of the fiscal year just ending. The State Controller shall make the transfers in four (4) equal amounts during September, December, March and June of the next fiscal year. The amount of moneys in the Budget Stabilization Fund shall not exceed ten percent (10%) of the total General Fund receipts for the fiscal year just ending. The State Controller shall transfer moneys in the Budget Stabilization Fund in excess of the ten percent (10%) limit to the General Fund.

Economic Recovery Reserve Fund

Section 67-3520, Idaho Code, creates the ERRF in the State Treasury for the purpose of meeting General Fund revenue shortfalls, meeting expenses incurred as the result of a major disaster declared by the Governor, or providing one-time tax relief payments to the citizens of the State. Moneys in the ERRF consist of moneys remitted pursuant to Section 63-2520, Idaho Code. Interest earnings from the investment of moneys in this fund by the State Treasurer will be retained in the ERRF. The Fiscal Year 2019 balance in the Economic Recovery Reserve Fund is \$20,509.

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 Sections 33-1018 and 33-1018B, Idaho Code, and may only be expended for the purposes stated in Sections 33-1018, 33-1018A and 33-1018B, 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 8.334% of the current fiscal year's total appropriation of State funds for public school support will be transferred to the State Bond Levy Equalization Support Program (the "Bond Levy Program") Fund. Senate Bill 1041, passed in the 2017 legislative session, added Section 33-1018C, Idaho Code, which specifies that in the event moneys are withdrawn from the PESF for the circumstances authorized pursuant to Section 33-1018 or Section 33-1018B, 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, 2018, PERSI had 71,112 active members, 37,588 inactive members (of whom 13,133 are entitled to vested benefits), and 46,907 retired members or annuitants. In addition, as of June 30, 2018, there were 797 participating employers in the PERSI Base Plan (defined below) and total membership in PERSI was 155,607. 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 on line at www.persi.idaho.gov/investments/annual_financial_report.cfm. PERSI is a discretely presented component unit of the State, and its financial report is included in the State's CAFR.

Defined Benefit Retirement Plans. The PERSI Base Plan and FRF are both 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; Title 72, Chapter 14, Idaho Code, governs FRF.

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, 2017, and June 30, 2018, is shown below:

**TABLE 14
PARTICIPATING EMPLOYER UNITS**

	<u>2017</u>	<u>2018</u>
Cities	154	155
School Districts	166	168
Highway and Water Districts	132	133
State Subdivisions	98	100
Counties	44	44
Other	<u>189</u>	<u>197</u>
Total	783	797

Source: Public Employee Retirement System of Idaho, 2018 Comprehensive Annual Financial Report

**TABLE 15
PRINCIPAL PARTICIPATING EMPLOYERS, 2018**

<u>Participating Employers</u>	<u>Covered Employees</u>	<u>Rank</u>	<u>% of Total</u>
State of Idaho	17,289	1	24%
West Ada School District ⁽¹⁾	3,640	2	5%
Boise Independent School District	3,112	3	4%
Ada County	1,747	4	3%
City of Boise	1,410	5	2%
Pocatello School District	1,365	6	2%
Nampa School District	1,351	7	2%
Bonneville School District	1,266	8	2%
Coeur d'Alene School District	1,072	9	2%
Twin Falls School District	1,008	10	1%
All Other	<u>37,852</u>		<u>53%</u>
Total	71,112		100%

(1) Formerly Meridian School District

Source: Public Employee Retirement System of Idaho, 2018 Comprehensive Annual Financial Report

The number of PERSI Base Plan benefit recipients and members as of June 30, 2017, and June 30, 2018, is shown below:

TABLE 16
PERSI BASE PLAN BENEFIT RECIPIENTS AND MEMBERS

	2017	2018
Active Participants	70,073	71,112
Terminated and Vested Members	12,669	13,133
Retirees and Beneficiaries	45,468	46,907

Source: Public Employee Retirement System of Idaho, 2018 Comprehensive Annual Financial Report

FRF has 22 participating employer units, all consisting of fire departments that also participate in PERSI. As of June 30, 2018, there was one active member and 506 retired members or beneficiaries collecting benefits from FRF. FRF covers a group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the PERSI Base Plan.

Contributions. PERSI’s funding policy for the PERSI Base Plan, FRF, and JRF 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. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the FRF base plan and the FRF assets. FRF amortizes any such unfunded liability based on level dollar amounts funded by employer contributions determined as a percentage of the earnings of all firefighters. The maximum amortization period for the PERSI Base Plan permitted under Section 59-1322, Idaho Code, is 25 years. The maximum amortization period for FRF permitted under Section 59-1394, Idaho Code, is 50 years. The payroll for employees covered by the PERSI Base Plan and was approximately \$3,200,396,203, by FRF was approximately \$146,487, and by JRF was approximately \$6,178,081 for the year ended June 30, 2018.

From 1994 to 2015, the total contribution rate has been between 15.78% and 18.75%. Historical changes in contribution rates since 1994 are shown in the following table. There was no change in the contribution rate from 2013 to 2018, although a rate increase is in effect for Fiscal Year 2020, as further described in the following paragraph.

Actuarial Valuation and Funding. Annual actuarial valuations for PERSI are provided by Milliman, an independent actuarial firm, which has provided the actuarial valuations for PERSI since PERSI’s inception. As a result of the statutory requirement that the amortization period for the unfunded actuarial liability be 25 years or less, the Retirement Board, at its October 18, 2016, meeting, approved a total contribution rate increase of 1% scheduled to take effect July 1, 2018. However, PERSI ended Fiscal Year 2017 with a 12.25% net investment return, providing the Retirement Board with the ability to reconsider the increase. During its October 2017 meeting, the Retirement Board voted to delay implementation of the 1.0% contribution rate increase for one year, making the new effective date July 1, 2019. During its October 2018 meeting, the Retirement Board voted to implement the 1.0% contribution rate increase effective July 1, 2019. The contribution rates effective as of July 1, 2019, follow:

**TABLE 17
2019 CONTRIBUTION RATES**

	Member		Employer	
	General/ Teacher	Fire/ Police	General/ Teacher	Fire/ Police
Contribution Rate	7.16%	8.81%	11.94%	12.28%

Source: Public Employee Retirement System of Idaho, 2018 Comprehensive Annual Financial Report

Major PERSI experience studies are completed every 4 years. The most recent experience study was completed in 2018 and covered the period July 1, 2013 through June 30, 2017. The July 1, 2018 actuarial valuation found that PERSI's current rates are sufficient to pay the System's normal cost rate of 14.94%. As of July 1, 2018, there is an unfunded actuarial liability of \$1,580,100,000. The contribution rates currently scheduled are sufficient to amortize the Unfunded Actuarial Accrued Liability ("UAAL") in 13.9 years, which is lower than the 25-year amortization period required by statute.

Funding Status: Based on the July 1, 2018, actuarial valuation, the UAAL was decreased by \$237.2 million due to an asset gain recognized as of July 1, 2018. Specifically, PERSI's assets earned a net return after expenses of 8.41%, which is 1.41% above the actuarial assumption of 7.00%. All other actuarial experience gains and losses decreased the actuarial accrued liability by \$44.6 million. Thus, the total experience gain for the year was \$281.8 million.

The UAAL increased by \$85.6 million due to the March 1, 2018 Discretionary COLA of 0.90%, and decreased by \$0.4 million due to the delay in the contribution rate increase (scheduled to take effect in 2018 but delayed until 2019). In addition, the UAAL increased by \$10.1 million because actual contributions plus assumed investment returns were less than the normal cost and the interest on the UAAL.

All of these items resulted in a total actuarial gain of \$186.5 million and a change in funding status from a funding ratio of 89.6% on July 1, 2017, to 91.2% on June 30, 2018. The funding ratio is the ratio of the actuarial 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 18
FUNDED STATUS ON ACTUARIAL VALUE BASIS—PERSI BASE PLAN
(dollars in millions)**

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)⁽¹⁾	Present Value of Future ORP Contributions	Unfunded Actuarial Accrued Liabilities (UAAL)⁽²⁾	Funded Ratio⁽³⁾	Covered Payroll⁽⁴⁾	UAAL as a Percentage of Covered Payroll
2009	8,646.0	11,732.2	59.6	3,026.6	74.1%	2,683.5	112.8%
2010	9,579.8	12,187.9	52.3	2,555.8	78.9%	2,684.4	95.2%
2011	11,360.1	12,641.2	48.5	1,232.6	90.2%	2,627.9	46.9%
2012	11,306.2	13,396.7	47.0	2,043.5	84.7%	2,619.6	78.0%
2013	12,053.5	14,172.9	45.3	2,074.1	85.3%	2,697.6	76.9%
2014	13,833.1	14,928.1	42.7	1,052.3	92.9%	2,702.9	38.9%
2015	13,956.7	15,488.2	41.3	1,490.2	90.4%	2,791.1	53.4%
2016	13,884.2	16,128.3	38.0	2,206.1	86.3%	2,909.3	75.8%
2017	15,296.70	17,101.00	37.7	1,766.60	89.60%	3,089.60	57.20%
2018	16,274.80	17,889.00	34.1	1,580.10	91.20%	3,200.40	49.40%

Source: Public Employee Retirement System of Idaho, 2018 Comprehensive Annual Financial Report

The net position for all pension and other funds administered by PERSI increased \$1.2 billion during Fiscal Year 2018 and increased \$1.6 billion during Fiscal Year 2017. The change in the defined benefit plans reflects the total of contributions received and an investment return greater than benefits paid and administrative expenses. All of the plans experienced investment gains in Fiscal Year 2018 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, 2018, and June 30, 2017, was \$1.4 billion and \$1.9 billion, respectively.

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

TABLE 19
ANALYSIS OF ACTUARIAL GAINS OR LOSSES—PERSI BASE PLAN
(dollars in millions)

	Gain (Loss) for Period		
	2015-2016	2016-2017	2017-2018
Investment Income			
Investment income was greater (less) than expected.	\$ (742.9)	\$ 772.1	\$ 237.2
Pay Increases			
Pay increases were less (greater) than expected.	165.5	(198.0)	113.5
Membership Growth & Return to Employment			
(Additional) liability for new members.	(24.9)	(29.1)	(33.2)
Death After Retirement			
Retirees died younger (lived longer) than expected.	11.8	17.6	37.6
Cost of Living Adjustment (COLA)			
Different Automatic COLA than expected.	NA	NA	NA
Other			
Miscellaneous gains (and losses) resulting from other causes. ⁽²⁾	(44.0)	(68.3)	(73.3)
Total Gain (Loss) During the Period From Actuarial Experience	\$ (634.5)	\$ 494.3	\$ 281.8
Contribution Income			
Actual contributions were greater (less) than the normal cost and interest on the Unfunded Actuarial Accrued Liability.	0.3	(42.5)	(10.1)
Non-Recurring Items			
Changes in actuarial assumptions caused a gain (loss) ⁽³⁾	(13.2)	None	None
Changes in actuarial methods caused a gain (loss)	None	None	None
Changes in plan provisions caused a gain (loss) ⁽⁴⁾	(68.5)	(9.0)	(85.6)
Changes to Contribution Rate Increase Schedule	None	(3.3)	0.4
Composite Gain (Loss) During the Period	\$ (715.9)	\$ 439.5	\$ 186.5

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

(1) Reflects losses on active and inactive member experience.

(2) For 2015-2016, this reflects changes made to the demographic assumptions adopted according to the 2016 Experience Study

(3) For 2015-2016, this reflects the 0.80% retroactive COLA, effective March 1, 2016. For 2016-17, this reflects the 0.10% discretionary COLA, effective March 1, 2017. For 2017-18, this reflects the 0.90% retroactive COLA, effective March 1, 2018.

Source: Public Employee Retirement System of Idaho, 2018 Comprehensive Annual 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, 2018, there were 39,554 participants with balances in the PERSI Choice Plans.

Other Postemployment Benefits

GASB Statement No. 45, 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 requirements of this statement 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 will no longer be able 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 latest Milliman actuarial valuation, as of July 1, 2018, was released April 18, 2019. The following table summarizes the Total OPEB Liability and OPEB Expense by plan. Further results are shown in each section.

TABLE 20
OPEB VALUATION RESULTS

Plan	Total OPEB Liability June 30, 2017	Total OPEB Liability June 30, 2018	OPEB Expense July 1, 2017 to June 30, 2018
Retiree Healthcare	\$34,947,000	\$22,499,000	\$712,000
LTD Healthcare	2,316,000	1,890,000	345,000
C&U Life	47,128,000	46,561,000	3,065,000
Judicial Life	11,732,000	12,613,000	887,000
DOL Life	1,729,000	1,519,000	60,000
LTD Life	2,797,000	2,338,000	50,000
LTD Income	2,025,000	1,758,000	92,000
Total	\$102,674,000	\$89,178,000	\$5,211,000

Source: Milliman, Other Postemployment Benefits Actuarial Valuation Report, July 1, 2018

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. 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.

The distribution of State sales tax moneys pursuant to the pledge of the Guaranty Act can occur only after all required payments to the 2019 Note Payment Account have been made as required by Section 63-3203, Idaho Code.

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 March 31, 2019, approximately \$1,338,025,294 in principal is outstanding under the Guaranty Act, which amount does not include three pending issues totaling \$86,300,000 that have been approved under the Guaranty Act but not yet issued. Of the amount outstanding under the Guaranty Act, approximately \$615,332,104 in principal is outstanding under the Credit Enhancement Program.

The State does not anticipate that the Guaranty Act or the Credit Enhancement Program will have any significant fiscal impact upon the State, its operations, or its ability to pay the principal of and interest on the Notes as the same become due.

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.

The Authority has issued \$556,200,000 of Idaho Bond Bank Authority Revenue bonds, of which \$292,025,000 remains outstanding as of March 31, 2019. The State does not anticipate that the Bond Bank Act will have any significant fiscal impact on the State, its property, or its ability to pay the principal of and interest on the Notes as the same become due.

The distribution of State sales tax moneys pursuant to the pledge of the Bond Bank Act can occur only after all required payments to the 2019 Note Payment Account have been made as required by Section 63-3203, Idaho Code.

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. As of March 31, 2019, the combined maximum annual debt service on bonds guaranteed under the Guaranty Act and bonds issued by the Authority was \$190,669,732. The Fiscal Year 2018 State sales tax received by the State totaled \$1,805,363,000. Therefore, the resulting combined percentage of maximum annual debt service to State sales tax revenues collections is currently 10.6%.

OUTSTANDING OBLIGATIONS OF THE STATE AND ITS INDEPENDENT AGENCIES

The State has no outstanding general obligation bond debt.

Capital Lease Obligations

As of December 31, 2018 the State had a total of \$15,589,000 in capital lease obligations, comprised of 21 capital leases with the longest lease maturing in 2033. Capital lease payments due in Fiscal Year 2020 total approximately \$2,596,000.

Idaho Housing and Finance Association and Transportation Project Financing

The Idaho Housing and Finance Association ("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. 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.”

As of March 31, 2019, the IHFA had issued \$1,070,640,000 in GARVEE bonds (including refunding issues), of which \$490,880,000 remains outstanding. The 2017 Legislature authorized an additional \$300 million of GARVEE bonds. The IHFA issued \$122,130,000 of GARVEE bonds on May 15, 2019 (Series 2019A) bringing the total amount of outstanding GARVEE bonds to \$613,010,000. The IHFA expects to issue the remaining authorization by December 2020.

The GARVEE bond legislation does not authorize or pledge State General Fund revenues to make payments on GARVEE debt instruments. The State does not believe the GARVEE bonds impact the State’s General Fund revenues or its ability to make payments on the Notes.

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 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 2019, the total amount of rent paid under the facilities leases by the State to the Building Authority was approximately \$14,848,349. As of March 31, 2019, total outstanding bond and note principal was \$367,660,000.

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 Idaho Legislature enacted significant procedural pre-requisites including signature distribution requirements, to qualify an initiative or referendum measure for submittal to the electors. Any person may file a proposed measure with the signatures of 20 qualified electors of the State with the Idaho Secretary of State's office. The Idaho Attorney General is required by law to review and make recommendations (if any) on the petition to the petitioner before issuing a certificate of review to the Secretary of State. The petitioner then, within 15 working days, files the measure with the Secretary of State for assignment of a ballot title and submittal to the Attorney General. The Attorney General, within 10 working days thereafter, 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, not less than four months prior to the election, the proponents must submit to the Secretary of State petitions signed by no less than 6% of the qualified electors in at least a majority of the State's 35 legislative districts and the total number of signatures gathered must exceed 6% of the state-wide qualified electors. The numbers of qualified electors is measured as of the immediately preceding general election of the State.

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

Historical Initiative Petitions

According to the Elections Division of the Idaho Secretary of State, there were two initiative petitions and three referendums that qualified for the ballot between 2006 and 2016. In 2018, two initiatives qualified for the November 6, 2018 state-wide election. An initiative related to Medicaid expansion was approved by the voters and an initiative related to horse racing was not approved.

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 Division of Financial Management (“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 2019. It estimates State nonfarm employment grew 2.9% in 2019 and forecasts a 2.1% increase in 2020. The next IEF is scheduled to be released in July 2019.

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 2019. The General Fund revenue forecast projects a 0.5% increase in General Fund revenues for Fiscal Year 2019. Fiscal Year 2020 General Fund revenues are projected to increase by 8.2% from the Fiscal Year 2019 projection.

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

**TABLE 21
IDAHO ECONOMIC INDICATORS**

	Actual		Projected		
	2017	2018	2019	2020	2021
Idaho Economic Indicators					
Personal Income (\$ millions)	\$ 71,813	\$ 75,703	\$ 80,003	\$ 84,329	\$ 88,679
Percent Change	5.5%	5.4%	5.7%	5.4%	5.2%
Total Nonfarm Employment	715,180	738,647	760,134	775,837	792,166
Percent Change	3.1%	3.3%	2.9%	2.1%	2.1%
Goods-Producing Employment	114,899	121,163	126,271	128,922	131,771
Percent Change	4.6%	5.5%	4.2%	2.1%	2.2%
..					
Nongoods-Producing Employment	600,281	617,485	633,863	646,915	660,455
Percent Change	2.8%	2.9%	2.7%	2.1%	2.1%
Population (thousands)	1,719	1,754	1,778	1,816	1,844
Percent Change	2.1%	2.0%	1.4%	2.1%	1.5%
Housing Starts-Single Unit	11,280	13,079	13,733	14,549	15,499
Housing Starts-Multiple Unit	2,778	3,158	2,857	2,812	2,789
Selected US Production Indices (2012=100.0)					
Wood Products	122.2	125.7	123.9	124.2	125.0
Computer and Electronic Products	113.9	119.9	123.4	125.9	127.9
Food	111.0	114.6	115.4	117.9	120.2
Agricultural Chemicals	116.8	121.7	123.8	126.4	127.8
Metal Ore Mining	97.6	93.8	92.8	92.5	92.2
Selected US Producer Prices (1982=1.000)					
Lumber and Wood Products	2.304	2.441	2.380	2.366	2.374
Machinery and Equipment	1.379	1.402	1.418	1.429	1.444
Farm	1.619	1.608	1.600	1.610	1.639
Pulp, Paper and Allied Products	2.546	2.601	2.641	2.650	2.664
Chemicals	2.808	2.950	2.988	3.032	3.018

*Source: IHS Economics and Idaho Division of Financial Management
Based on April 2019 Idaho Economic Forecast*

TABLE 22
STATE OF IDAHO
POPULATION TRENDS

<u>Year</u>	<u>Population</u>
2000 ⁽¹⁾	1,299,430
2010 ⁽¹⁾	1,570,773
2012	1,595,441
2013	1,611,530
2014	1,631,479
2015	1,651,523
2016	1,682,930
2017	1,718,904
2018	1,754,208

(1) Census data.

Sources: U.S. Census Bureau and April 2019 Idaho Economic Forecast

TABLE 23
STATE OF IDAHO
LABOR FORCE AND NONFARM PAYROLL JOBS ANNUAL⁽¹⁾

	2018	2017	2016	2015	2014	2013
Civilian Labor Force	850,627	833,462	814,571	797,049	780,872	771,892
Unemployment	24,150	26,299	31,137	33,647	37,883	47,455
Percent of Labor Force Unemployed	2.8	3.2	3.8	4.2	4.9	6.1
Total Employment	826,478	807,163	783,434	763,402	742,989	724,437
Nonfarm Payroll Jobs-NAICS⁽²⁾	737,300	716,600	696,200	672,400	654,500	637,900
Goods Producing	120,700	115,400	110,200	104,200	100,000	97,200
Natural Resources and Mining	3,500	3,600	3,800	3,800	3,800	4,000
Construction	49,100	45,100	41,700	38,200	35,800	33,600
Manufacturing	68,100	66,800	64,700	62,200	60,400	59,600
Durable Goods	39,700	38,300	37,400	36,100	34,800	34,400
Non-Durable Goods	28,400	28,500	27,300	26,100	25,500	25,300
Service Providing	616,600	601,200	586,000	568,100	554,500	540,800
Trade, Transportation and Utilities	142,500	140,100	137,700	135,100	130,800	127,700
Trade	117,100	115,900	114,100	111,700	108,400	106,100
Transportation, Warehousing and Utilities	25,300	24,200	23,700	23,400	22,400	21,500
Information	8,900	9,100	9,000	9,300	9,300	9,300
Financial Activities	36,500	35,300	34,100	33,300	32,700	31,200
Professional and Business Services	94,200	90,300	86,300	81,900	80,700	78,700
Professional and Technical Services	38,900	36,900	35,400	33,400	31,900	30,400
Management of Companies and Entrepreneurs	6,800	5,900	5,400	5,500	5,500	5,300
Administrative, Support, Waste Management	48,500	47,500	45,600	43,000	43,400	43,000
Educational and Health Services	105,500	102,800	101,000	97,500	94,200	91,000
Leisure and Hospitality	78,700	75,500	72,200	68,400	65,900	63,500
Other Services	25,500	25,000	24,300	23,400	22,600	22,000
Total Government	124,900	123,300	121,500	119,200	118,200	117,400
Federal Government	13,100	13,000	12,900	12,600	12,300	12,400
State and Local Government	111,800	110,400	108,600	106,600	105,900	105,000
State Government	30,300	30,200	29,800	29,500	29,000	28,900
Local Government	81,500	80,200	78,800	77,100	76,900	76,100

(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, based on April 2019 data

TABLE 24
STATE OF IDAHO
NONFARM PAYROLL JOBS—BY PLACE OF WORK⁽¹⁾

	Feb 2019	Jan 2019 ⁽¹⁾	Feb 2018	Percent Change	
				From Last Month	From Last Year
Nonfarm Payroll Jobs-NAICS⁽²⁾	747,000	750,600	730,500	-0.5%	2.3%
Goods Producing	122,600	122,300	119,400	0.2%	2.7%
Natural Resources	3,600	3,600	3,500	0.0%	2.9%
Construction	50,300	49,100	47,500	2.4%	5.9%
Manufacturing	68,700	69,600	68,400	-1.3%	0.4%
Durable Goods	40,500	41,000	38,600	-1.2%	4.9%
Nondurable Goods	28,200	28,600	29,800	-1.4%	-5.4%
Service Providing	624,400	628,300	611,100	-0.6%	2.2%
Trade, Transportation, And Utilities	144,300	144,900	141,400	-0.4%	2.1%
Trade	118,600	119,200	117,100	-0.5%	1.3%
Transportation, Warehousing, And Utilities	25,700	25,700	34,300	0.0%	-25.1%
Information	8,400	8,300	9,200	1.2%	-8.7%
Financial Activities	37,100	37,300	36,500	-0.5%	1.6%
Professional and Business Services	95,800	98,000	90,400	-2.2%	6.0%
Professional and Technical Services	40,200	41,400	37,000	-2.9%	8.6%
Management of Companies and Enterprises	7,000	7,100	6,000	-1.4%	16.7%
Administrative, Support, Waste Management	48,600	49,500	47,400	-1.8%	2.5%
Education and Health Services	106,800	107,600	105,600	-0.7%	1.1%
Leisure and Hospitality	79,500	79,400	77,000	0.1%	3.2%
Other Services	26,600	26,600	25,700	0.0%	3.5%
Total Government	125,900	126,200	125,300	-0.2%	0.5%
Federal Government	13,200	13,200	13,100	0.0%	0.8%
State and Local Government	112,700	113,000	112,200	-0.3%	0.4%
State Government	30,300	30,300	30,700	0.0%	-1.3%
Local Government	82,400	82,700	81,500	-0.4%	1.1%

(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

TABLE 25
STATE OF IDAHO
AGRICULTURAL EMPLOYMENT ESTIMATES

	Feb 2019	Jan 2019	Feb 2018	Percent Change	
				From Last Month	From Last Year
Total Agricultural Employment	44,409	43,620	43,017	1.8%	3.2%
Operators and Unpaid Family	14,146	14,135	13,935	0.1%	1.5%
Hired Workers	30,263	29,485	29,082	2.6%	4.1%

Source: Idaho Department of Labor

TABLE 26
STATE OF IDAHO
LARGEST EMPLOYERS

Employer	Number of Employees	Industry
St. Luke's Regional Medical Center	13,000 - 14,000	Health Care
Wal-Mart	7,000- 8,000	Retail Trade
Micron Technology	6,000 - 7,000	Manufacturing
Brigham Young University - Idaho	5,000 - 6,000	Education, Private
Boise State University	4,000 - 5,000	Education, State
St. Alphonsus Regional Medical Center	4,000 - 5,000	Health Care
University of Idaho	4,000 - 5,000	Education, State
West Ada Joint School District No. 2	4,000 - 5,000	Education, Local
Battelle Energy Alliance	4,000 - 5,000	Professional and Technical Services
Boise Independent School District No. 1	4,000 - 5,000	Education, Local
Idaho State University	4,000 - 5,000	Education, State
Albertson's, Inc.	3,000 - 4,000	Retail Trade
Idaho Department of Health & Welfare	3,000 - 4,000	State, Administration
Kootenai Medical Center	2,000 - 3,000	Health Care
U.S Forest Service & Natural Resources Conservation Service	2,000 - 3,000	Federal Government
U.S. Postal Service	2,000 - 3,000	Federal Government

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

Source: Idaho Department of Labor

TABLE 27
STATE OF IDAHO
COMPARISON OF IDAHO AND NATIONAL AVERAGE ANNUAL WAGE

Calendar Year	Idaho Average Annual Wage	National Average Annual Wage
2008	35,615	47,614
2009	35,861	47,594
2010	36,614	48,882
2011	37,078	50,220
2012	37,406	51,629
2013	38,111	52,159
2014	39,289	53,785
2015	40,273	55,379
2016	41,055	55,979
2017	42,651	57,660
2018	43,899	59,266

Source: IHS Economics and Idaho Division of Financial Management, based on April 2019 Idaho Economic Forecast

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APPENDIX B
PLAN OF FINANCING

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PLAN OF FINANCING

STATE OF IDAHO
TAX ANTICIPATION NOTES, SERIES 2019
PRINCIPAL AMOUNT \$ _____

Pursuant to the approval by the Board of Examiners on March 19, 2019, 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 pursuant to Section 3.5 of this Plan in the event that Certificated Notes are issued.

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.

Certificated Note(s) means a Note or Notes evidenced by a printed certificate or certificates in the event that the Book-Entry-Only System is discontinued.

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 ”D” which is annexed hereto and by reference made a part of this Plan.

Fiscal Year means the 2019-2020 fiscal year of the State, commencing on July 1, 2019, and ending on June 30, 2020.

General Fund means the general fund of the State.

General Tax Revenues means certain income and revenue from taxes, whether specific, sales, ad valorem, excise, income, franchise, or license, save and except only those revenues required, pursuant to Section 63-3067, Idaho Code, to be deposited into the State Refund Account and, pursuant to Section 63-3638, Idaho Code, to be deposited into the Sales Tax Refund Tax Account.

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 (i) so long as the Book-Entry-Only System is in effect, the Beneficial Owners, or (ii) in the event that the Book-Entry-Only System is discontinued, the holders of Certificated Notes.

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 “C,” 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 2019, 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 2019, 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 ____, 2019, 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 19, 2019, approval of the Board of Examiners for the issuance of not to exceed \$3,020,325,000 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, 2020, 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. A legend to that effect shall appear on the Global Notes and, in the event that the Book-Entry-Only System is discontinued, on each Certificated Note.

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. In the event that the Book-Entry-Only System is discontinued and Certificated Notes are issued, the Notes shall be payable, principal and interest, on their maturity date, at the office of the State Treasurer, at Boise, Idaho, or, at the option of the Holders of the Certificated Notes, at the principal corporate trust office of the Authenticating and Paying Agent, which is hereby designated, pursuant to Section 67-1221, Idaho Code, as an alternative fiscal agent for the State and alternative place of payment of the principal of and interest on the Certificated Notes.

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 2019, 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 “D” 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 Purchaser 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 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. By purchasing a beneficial interest therein, a Beneficial Owner shall be deemed to have waived the right to receive a Certificated Note, except as provided hereinafter. 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.

Section 3.5:

(A) In the event that either the State or the Depository shall determine to discontinue the services as set forth in the Letter of Representations and the State elects not to designate another qualified securities depository to replace the Depository, then the State will discontinue the use of the Book-Entry-Only System and will cause to be issued Certificated Notes to the Beneficial Owners as Holders of the Notes. The Certificated Notes shall be issued in bearer form in the aggregate principal amount of \$_____, shall be dated as of the date of delivery of the Global Notes, shall mature on June 30, 2020, shall bear interest (which shall include interest accrued during the time the Notes were in book-entry-only form) from their date at the same rate as the Global Notes, payable at maturity, and shall be substantially in the form of the Note annexed hereto as Exhibit "B."

(B) Within ten (10) business days of the date the State discontinues the use of the Book-Entry-Only System, Certificated Notes shall be executed by the facsimile signature of the Governor, countersigned by the facsimile signature of the State Treasurer, and attested by the facsimile signature of the Secretary of State, and the State Treasurer will designate an Authenticating and Paying Agent for the Certificated Notes (the "Authenticating and Paying Agent"). Only such Certificated Notes as shall bear thereon a certificate of authentication in the form set forth in Exhibit "B," manually executed by an authorized officer of the Authenticating and Paying Agent, shall be valid for any purpose. Such certificate of authentication shall be conclusive evidence that the Certificated Notes so authenticated have been duly executed, authenticated, and delivered hereunder and shall be entitled to the benefits of this Plan. The Authenticating and Paying Agent shall be responsible for its representations contained in the certificate of authentication on the Certificated Notes. The Certificated Notes shall be payable in the manner set forth in Section 2.5 hereinabove.

(C) In the event that Certificated Notes are issued, the State shall cause the Beneficial Owners to be notified of the discontinuance of the Book-Entry-Only System, the issuance of Certificated Notes, and the appointment of the Authenticating and Paying Agent, and, within fifteen (15) days of the maturity date of the Notes, shall cause notice of the payment date and place to be published once in a financial journal published in New York City, New York.

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, 2020. 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, 2020, 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, 2020, (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, 700 W. Jefferson, Room 126, Boise, Idaho 83720; if to the Purchaser, to: _____ (or to such alternate address as may be provided by the Purchaser); 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 Bank, 800 West Main Street, Suite 700, Boise, Idaho 83702.

Section 5.3: IN WITNESS WHEREOF, I have hereunto subscribed my official signature as of this ____ day of June, 2019.

Julie A. Ellsworth
State Treasurer

FILED in the Office of the Governor of the State of Idaho this ____ day of June, 2019.

By _____
Office of the Governor

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APPENDIX C
FORM OF LEGAL OPINION OF BOND COUNSEL

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GEOFFREY A. SCHROEDER
FRANCES R. STERN
PAUL A. TURCKE

MICHAEL C. MOORE, *Of Counsel*
DENNIS L. RADOCHA, *Of Counsel*
≈ Also admitted in Utah

July 1, 2019

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

Purchaser

Re: State of Idaho Tax Anticipation Notes, Series 2019, 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 2019 (the "Notes"), which are dated July 1, 2019, mature on June 30, 2020, and bear interest at the rate of _____ percent (____%) per annum, and are issued in the principal amount of \$ _____.

The Notes have been sold to _____. We refer you to the Plan of Financing executed on June ___, 2019 (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 July 1, 2019 (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 2019, 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, the 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 excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Internal Revenue Code, except that for taxable years of corporations beginning before January 1, 2019, such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. We are further of the opinion that the interest will not be included as an individual or corporate alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code. 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 Finance; 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.

Stephanie J. Bonney

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.

11. 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.