

In the opinion of Co-Bond Counsel to the Issuer, based on existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain certifications and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes but such interest is included in adjusted current earnings in computing the federal alternative minimum taxes imposed on certain corporations. Co-Bond Counsel are also of the opinion based on existing laws of the State of Idaho as enacted and construed that interest on the Bonds is exempt from State of Idaho income taxes. Co-Bond Counsel express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “Tax Matters” herein.



\$187,570,000
IDAHO HOUSING AND FINANCE ASSOCIATION
UNEMPLOYMENT COMPENSATION REVENUE BONDS
SERIES 2011

Dated: Date of Delivery**Due: As shown on the inside cover**

The Unemployment Compensation Revenue Bonds, Series 2011 (the “Bonds”) will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for such Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Principal of and interest on the Bonds will be paid directly to DTC by Zions First National Bank, as Trustee and Paying Agent (the “Trustee” and “Paying Agent”).

The Bonds will bear interest payable on each February 15 and August 15, commencing on February 15, 2012. The maturities, interest rates, yields and prices of the Bonds are shown on the inside cover hereof. The Bonds are not subject to redemption prior to maturity.

The Idaho Housing and Finance Association (the “Issuer”) is issuing the Bonds pursuant to a Trust Indenture dated as of August 1, 2011 (the “Indenture”) between the Issuer and the Trustee to provide funds to the Idaho Department of Labor (the “Department”) to (i) repay certain federal advances under Title XII of the Social Security Act, 42 U.S.C. Section 1321, et seq. and (ii) pay the costs of issuing the Bonds. Bonds issued under the Indenture are equally and ratably secured by the pledges and covenants contained therein.

The Bonds and any interest due thereon are secured solely by the Trust Estate, which is limited to (i) all moneys, securities, or investments held in or entitled to be held by the Trustee under the Indenture, including all funds and accounts created in the Indenture (except the Rebate Fund) and all interest, profits and proceeds thereof, (ii) all of the Issuer’s right, title and interest in, to and under the Financing Agreement dated as of August 1, 2011 (the “Financing Agreement”) between the Issuer and the Department, including all payments due under the Financing Agreement and including all funds continuously appropriated and paid to the Trustee in accordance with the Act as defined herein and the Financing Agreement, except for the Issuer’s right to enforce and receive payments of fees or indemnities thereunder and (iii) all of the Issuer’s right, title and interest in and to all Pledged Receipts, as described herein. See “SECURITY FOR THE BONDS” and “EXHIBIT D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” and “EXHIBIT E - SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT” herein.

Under the terms of the Financing Agreement, the Department and the Issuer agree that debt service payments for the Bonds will be made from moneys continuously appropriated in accordance with Section 72-1346B(2)(b), Idaho Code, in such amount and as certified by the Issuer, with principal payments on the Bonds to be made from moneys continuously appropriated from the bond principal payment account (the “Bond Principal Account”) in the Employment Security Reserve Fund (the “Employment Security Reserve Fund”) and interest on the Bonds to be made from moneys continuously appropriated from the bond interest payment account (the “Bond Interest Account”) in the Employment Security Reserve Fund.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER. THE BONDS AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THE BONDS ARE NOT A DEBT OR LIABILITY OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN. NEITHER THE STATE OF IDAHO, THE LEGISLATURE THEREOF NOR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN IS LIABLE FOR THE BONDS AND THE BONDS DO NOT CONSTITUTE THE GIVING, PLEDGING OR LOANING OF THE CREDIT OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE ISSUER WHICH ARE A PART OF THE TRUST ESTATE PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

The Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approving legal opinion of Ballard Spahr LLP and Skinner Fawcett LLP, Boise, Idaho, Co-Bond Counsel. Certain legal matters will be passed on for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe, LLP. It is expected that delivery of the Bonds will be made on or about August 31, 2011, through the facilities of DTC, against payment therefor.

Goldman, Sachs & Co.

BofA Merrill Lynch

Barclays Capital**Citigroup****D.A. Davidson & Co. Incorporated****Edward D. Jones & Co.****Jefferies & Company****KeyBanc Capital Markets Inc.****Piper Jaffray & Co.****Seattle Northwest Securities Corp.****Siebert Brandford Shank & Co.****Wells Fargo Securities****Wedbush Morgan Securities**

Zions Bank

MATURITY SCHEDULE

\$187,570,000

**IDAHO HOUSING AND FINANCE ASSOCIATION
UNEMPLOYMENT COMPENSATION REVENUE BONDS
SERIES 2011**

<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
2012	\$43,425,000	2.00%	0.280%	101.640
2013	3,115,000	2.00%	0.550%	102.816
2013	10,350,000	3.00%	0.550%	104.758
2013	20,000,000	4.00%	0.550%	106.701
2013	12,665,000	5.00%	0.550%	108.643
2014	1,100,000	2.00%	0.750%	103.646
2014	1,255,000	3.00%	0.750%	106.564
2014	20,000,000	4.00%	0.750%	109.482
2014	25,585,000	5.00%	0.750%	112.399
2015	5,700,000	3.00%	1.000%	107.737
2015	6,000,000	4.00%	1.000%	111.606
2015	38,375,000	5.00%	1.000%	115.474

IDAHO HOUSING AND FINANCE ASSOCIATION

Board of Commissioners

David Wilson, Chairman
Richard L. Bauer, Vice Chairman
Steven R. Keen, Secretary/Treasurer
Darlene M. Bramon, Commissioner
Ralph G. Cottle, Commissioner
John Insinger, Commissioner
John D. Beebe, Jr., Commissioner

Gerald M. Hunter, President and Executive Director
John R. Sager, Executive Vice President

IDAHO DEPARTMENT OF LABOR

Roger B. Madsen, Director
John McAllister, Chief Deputy Director
Jay Engstrom, Deputy Director for Operations

COUNSEL AND CONSULTANTS

Co-Bond Counsel

Ballard Spahr LLP
and
Skinner Fawcett LLP
Boise, Idaho

Underwriters' Counsel

Orrick, Herrington & Sutcliffe LLP

Counsel to the Issuer

Richard A. Skinner, Esquire, Skinner Fawcett LLP
Boise, Idaho

Counsel to the Department

Craig Bledsoe, Esquire
Deputy Attorney General

TRUSTEE

Zions First National Bank

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representation must not be relied upon as having been authorized by the State, the Issuer, the Department or the Underwriters. This Official Statement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities other than the securities offered hereby or an offer to sell or solicitation of offers to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction where such offer or solicitation or sale would be unlawful.

The information contained in this Official Statement has been obtained from the Issuer, the Department, the State and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by, any of the foregoing. The presentation of such information, including tables of receipts and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representation of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Department or the State since the date hereof.

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

The Bonds will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has passed upon the accuracy of this Official Statement.

The Issuer and the Department have undertaken to provide continuing disclosure with respect to the Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY

The following information is furnished solely to provide limited introductory information regarding the Issuer, the Department and the Bonds and does not purport to be comprehensive. Such information is qualified in its entirety by reference to the more detailed information and descriptions appearing elsewhere in this Official Statement and should be read together therewith. The terms used in this Summary and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement. The offering of the Bonds is made only by means of the entire Official Statement, including the Exhibits hereto. No person is authorized to make offers to sell, or solicit offers to buy, the Bonds unless the entire Official Statement is delivered in connection therewith.

The Issuer The Issuer is an independent body, corporate and politic, created by the Legislature of the State of Idaho (the “State”) in 1972. See “IDAHO HOUSING AND FINANCE ASSOCIATION” herein.

The Department The Department is a department and agency of the State responsible for the administration of the State’s unemployment compensation program. See “IDAHO DEPARTMENT OF LABOR” herein.

The Offering The Issuer is offering its Unemployment Compensation Revenue Bonds, Series 2011 in an aggregate principal amount of \$187,570,000. See “THE BONDS” herein.

Authority The Bonds will be issued pursuant to the Idaho Code, Title 67, Chapter 62, as amended, and Idaho Code, Title 72, Section 1346B, as amended (the “Act”), the bond resolutions adopted by the Issuer on May 24, 2011 and August 18, 2011 (collectively, the “Resolution”) and the Trust Indenture dated as of August 1, 2011 (the “Indenture”) between the Issuer and Zions First National Bank, as trustee and paying agent (the “Trustee” and “Paying Agent”).

Use of Proceeds The proceeds of the Bonds will be provided by the Issuer to the Department pursuant to a Financing Agreement dated as of August 1, 2011 (the “Financing Agreement”) between the Issuer and the Department to (i) repay certain federal advances under Title XII of the Social Security Act, 42 U.S.C. Section 1321, et seq. and (ii) pay the costs of issuing the Bonds.

Features The Bonds will be dated as of the date of delivery, and will bear interest on each February 15 and August 15, commencing February 15, 2012, at the rates set forth on the inside cover page of this Official Statement and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The Bonds are not subject to redemption prior to maturity.

The Bonds are issuable only as fully registered bonds, without coupons. The Bonds are being offered in the authorized denominations of \$5,000 or any integral multiples thereof, at the rates shown on the inside cover page hereof. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the

Bond purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC by the Trustee.

It is expected that delivery of the Bonds will be made on or about August 31, 2011, through the facilities of DTC, against payment therefor.

Security

The Bonds and any interest due thereon are secured solely by the Trust Estate, which is limited to (i) all moneys, securities, or investments held in or entitled to be held by the Trustee under the Indenture, including all funds and accounts created in the Indenture (except the Rebate Fund) and all interest, profits and proceeds thereof, (ii) all of the Issuer's right, title and interest in, to and under the Financing Agreement, including all payments due under the Financing Agreement and including all funds continuously appropriated and paid to the Trustee in accordance with the Act and the Financing Agreement, except for the Issuer's right to enforce and receive payments of fees or indemnities thereunder and (iii) all of the Issuer's right, title and interest in and to all Pledged Receipts.

Under the Indenture, Pledged Receipts include all funds continuously appropriated and paid to the Trustee in accordance with the State law and the Financing Agreement from moneys, securities and investments held from time to time in the Bond Principal Account and the Bond Interest Account within the Employment Security Reserve Fund established in the State of Idaho Treasury, together with all other moneys, securities and investments which constitute part of the Trust Estate.

See "SECURITY FOR THE BONDS" and "EXHIBIT D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "EXHIBIT E - SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT" herein.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER. THE BONDS AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THE BONDS ARE NOT A DEBT OR LIABILITY OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN. NEITHER THE STATE OF IDAHO, THE LEGISLATURE THEREOF NOR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN IS LIABLE FOR THE BONDS AND THE BONDS DO NOT CONSTITUTE THE GIVING, PLEDGING OR LOANING OF THE CREDIT OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE ISSUER WHICH ARE A PART OF THE TRUST ESTATE PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

Tax Exempt Status

In the opinion of Co-Bond Counsel to the Issuer, based on existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain certifications and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes but such interest is included in adjusted current earnings in computing the federal alternative minimum taxes imposed on certain corporations. Co-Bond Counsel are also of the opinion based on laws of the State of Idaho as enacted and construed that interest on the Bonds is exempt from State of Idaho income taxes. Co-Bond Counsel express no opinion regarding other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein and “EXHIBIT C - PROPOSED FORM OF OPINION OF CO-BOND COUNSEL.”

Continuing Disclosure

Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, generally prohibits an underwriter from purchasing or selling municipal securities in an initial offering unless it has determined that the issuer of such securities has committed to provide, annually, certain information, including audited financial information, and notice of various events, if material. To enable the underwriter to comply with the provisions of Rule 15c2-12, the Issuer and the Department will enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”).

General

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All summaries of documents and agreements in this Official Statement are qualified in their entirety by reference to such documents and agreements, copies of which are available from the Issuer.

Information

Information regarding the Bonds is available by contacting the Idaho Housing and Finance Association, 565 Myrtle Street, Boise, Idaho 83707 (208) 331-4728 or the Representative of the Underwriters, Goldman, Sachs & Co., 200 West Street, New York, New York 10282.

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OFFICIAL STATEMENT
of
IDAHO HOUSING AND FINANCE ASSOCIATION
Relating to its
\$187,570,000
Unemployment Compensation Revenue Bonds
Series 2011

INTRODUCTION

This Official Statement (which includes the cover page and exhibits hereto) of the Idaho Housing and Finance Association (the “Issuer”) provides certain information in connection with the issuance and sale of the Issuer’s \$187,570,000 Unemployment Compensation Revenue Bonds, Series 2011 (the “Bonds”).

The Bonds will be issued pursuant to the Idaho Code, Title 67, Chapter 62, as amended, and Idaho Code, Title 72, Section 1346B, as amended (the “Act”), the bond resolutions adopted by the Issuer May 24, 2011 and August 18, 2011 (collectively, the “Resolution”) and the Trust Indenture dated as of August 1, 2011 (the “Indenture”) between the Issuer and Zions First National Bank, as trustee (the “Trustee”).

The Issuer is issuing the Bonds at the request of the Idaho Department of Labor (the “Department”), a department and agency of the State of Idaho, to provide funds to the Department to (i) repay certain federal advances under Title XII of the Social Security Act, 42 U.S.C. Section 1321, et seq. and (ii) pay the costs of issuing the Bonds.

The Bonds and any interest due thereon are secured solely by the Trust Estate, which is limited to (i) all moneys, securities, or investments held in or entitled to be held by the Trustee under the Indenture, including all funds and accounts created in the Indenture (except the Rebate Fund) and all interest, profits and proceeds thereof, (ii) all of the Issuer’s right, title and interest in, to and under the Financing Agreement dated as of August 1, 2011 (the “Financing Agreement”) between the Issuer and the Department, including all payments due under the Financing Agreement and including all funds continuously appropriated and paid to the Trustee in accordance with the Act and the Financing Agreement, except for the Issuer’s right to enforce and receive payments of fees or indemnities thereunder and (iii) all of the Issuer’s right, title and interest in and to all Pledged Receipts. See “SECURITY FOR THE BONDS” and “EXHIBIT D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” and “EXHIBIT E - SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT” herein.

Under the terms of the Financing Agreement, the Department and the Issuer agree that debt service payments for the Bonds will be made from moneys continuously appropriated in accordance with Section 72-1346B(2)(b), Idaho Code, in such amount and as certified by the Issuer, with principal payments on the Bonds to be made from moneys continuously appropriated from the Bond Principal Account in the Employment Security Reserve Fund and interest on the Bonds to be made from moneys continuously appropriated from the Bond Interest Account in the Employment Security Reserve Fund.

All capitalized terms used in this Official Statement that are defined in the Indenture and the Financing Agreement shall have the respective meanings set forth in the Indenture and the Financing Agreement. See “EXHIBIT D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—

Definitions of Certain Terms and “EXHIBIT E - SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT.” The references to and summaries and descriptions of the Act, the Indenture, the Financing Agreement, the Bonds and the other statutes, instruments and documents which are included in this Official Statement do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by references to the appropriate statute, instrument or document.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Issuer nor the Department plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur, other than as described under “EXHIBIT G –SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT” herein.

IDAHO HOUSING AND FINANCE ASSOCIATION

In 1972 the Issuer was created by the Act, as a body politic and corporate, in order to assure an adequate source of capital for housing for low income persons who otherwise could not afford decent, safe and sanitary housing. Subsequently, the Issuer was granted additional powers by the Idaho Legislature to finance various facilities for nonprofit corporations, certain agricultural facilities and certain highway transportation projects in Idaho.

House Bill 108, as adopted by the Sixty-First Idaho Legislature First Regular Session - 2011, among other things, authorizes the Department to repay its outstanding federal advances from Title XII of the Social Security Act, Section 1321, et. seq. through the issuance of revenue bonds and authorizes the Issuer to issue such bonds in an amount sufficient to refinance such obligations upon certain certifications by the Department and submission by the Department of a request to the Issuer, and provided that the Issuer and the Department enter into a financing agreement providing for the issuance of such bonds. The Director of the Department has approved and recommended the issuance of the Bonds through the Issuer and the use of the proceeds thereof as required by Idaho Code, Title 72, Section 1346B.

The Issuer is governed by seven Commissioners, appointed for alternating four-year terms by the Governor of the State, one of whom is selected as the Chairman by the Governor. The Act requires that preference shall be given to persons representing persons of low income and to persons with experience in the fields of mortgage lending, banking, finance, real estate or home building. The Issuer’s Commissioners are as follows:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Employment</u>
David Wilson	Chairman	July 1, 2012	Building Contractor and Civic Leader, Ketchum, Idaho
Richard L. Bauer	Vice Chairman	July 1, 2012	Retired Businessman and former Regional Administrator, U.S. Department of Housing and Urban Development, Region 10, Garden City, Idaho
Steven R. Keen	Secretary/Treasurer	July 1, 2014	Vice President and Treasurer, Idaho Power and IdaCorp., Boise, Idaho
John D. Beebe, Jr.	Commissioner	July 1, 2014	Realtor and Home Health Administrator, Coeur d'Alene, Idaho
Darlene M. Bramon	Commissioner	July 1, 2012	Banking and Civic Leader, Hailey, Idaho
Ralph G. Cottle	Commissioner	July 1, 2014	President and CEO, Citizens Community Bank, Pocatello, Idaho
John Insinger	Commissioner	July 1, 2012	Attorney, Boise, Idaho

The Act designates as advisors to the Issuer's Board of Commissioners the Governor, the Honorable C.L. "Butch" Otter; the State Treasurer, Ron Crane; the State Controller, Donna M. Jones; and the Administrator of the Division of Financial Management, Wayne Hammon. In addition, the Idaho State Legislature, through its legislative council, appoints advisors to the Issuer's Board of Commissioners. These members consist of two from each of the majority and minority parties and serve in a nonvoting, advisory capacity. Senator Dean Mortimer serves as the majority party senator, Senator Edgar Malepeai serves as the minority party senator, Representative Judy Boyle serves as the majority party representative and Representative Elaine Smith serves as the minority party representative.

Staff

Principal staff officers of the Issuer responsible for the Issuer's bond issues are the President and Executive Director, Gerald M. Hunter; and the Executive Vice President, John R. Sager.

Gerald M. Hunter joined the Issuer in September 1986 as Director of Finance, in September 1989 was promoted to Chief Operating Officer and in July 1998 was promoted to President and Executive Director. His prior background includes positions as an Officer/Shareholder for a financial and real estate service company, Treasurer and Operations Vice President for a savings and loan association and experience with a major international accounting firm as a Certified Public Accountant. Additionally, Mr. Hunter has held a faculty membership with an accredited business school where he instructed finance curriculum. Mr. Hunter holds a Bachelor of Arts and Master of Business Administration Degrees from the University of Utah.

John R. Sager joined the Issuer in September 1996 as Vice President, Treasurer and in February 2002 was promoted to Chief Financial Officer and Vice President, Administration. Mr. Sager was promoted to Executive Vice President in March, 2011. Prior to joining the Issuer, Mr. Sager served as investment manager of a large public organization as well as Vice Chairman of the Utah Money Management Council. Mr. Sager has over thirty years of experience in financial management, bond issuance, banking and asset/liability management for public entities. Mr. Sager is a Chartered Financial Analyst, a Certified Cash Manager and holds a Bachelor of Arts and Master of Business Administration degrees from the University of Utah.

The Issuer's staff consists of 150 people. The office of the Issuer is located at 565 West Myrtle Street, Boise, Idaho 83702.

Richard A. Skinner, Esquire, of Skinner Fawcett LLP, Boise, Idaho, serves as general counsel to the Issuer. In addition, Skinner Fawcett LLP serves as co-bond counsel to the Issuer.

Outstanding Indebtedness and Other Programs of the Issuer

The Issuer is the largest issuer of bonds in the State of Idaho. Since its inception, the Issuer has issued over \$5 billion of bonds comprising 226 separate bond issues. The Issuer currently has approximately \$2.233 billion in outstanding bond debt. The Issuer has approximately \$1.83 billion of bonds outstanding to finance its single family mortgage bond program, approximately \$40 million of bonds outstanding to finance its multifamily bond program, approximately \$103 million of bonds outstanding to finance various facilities for nonprofit corporations, approximately \$110 million of bonds outstanding to finance economic development, and approximately \$543 million of bonds outstanding to finance highway transportation projects. The Issuer has under consideration the sale of additional bonds to finance its various programs.

IDAHO DEPARTMENT OF LABOR

The Idaho Legislature accepted provisions of the Wagner-Peyser Act of 1933 during its 1935 session, and the Idaho State Employment Service was established in May 1935 with 21 local offices throughout the state. The following year, the Legislature enacted the State Unemployment Compensation Law and began paying unemployment insurance benefits in September 1938.

Both programs – employment services and unemployment insurance – were divisions of the Industrial Accident Board until 1951 when the programs were taken over by the Employment Security Agency under the direct control of the governor.

With the federal Manpower Development Act of 1962 and the Economic Opportunity Act of 1964, Idaho's federally funded Employment Security Agency also became a training organization and was renamed the Department of Employment in July 1965. A decade later it was assigned responsibility for all economic opportunity programs.

Today, the department's operating budget of over \$50 million, almost entirely from federal grants, finances the unemployment insurance program, employment services, 25 local offices, the Disability Determinations Service of the Social Security Administration, the Idaho Commission on Human Rights, administration and enforcement of state wage and hour laws, the Serve Idaho volunteerism program and the Idaho Career Information System.

The department has a record of commitment to fair, effective and efficient administration of the unemployment program and was recognized as the best unemployment program in the nation with the U.S. Department of Labor's 2007 Pinnacle Award.

Staff

The unemployment insurance program is the responsibility of department Director Roger B. Madsen, Chief Deputy Director John McAllister and Deputy Director for Operations Jay Engstrom.

Roger B. Madsen was appointed director of the Idaho Department of Labor by Gov. Phil Batt in 1995, reappointed by Gov. Dirk Kempthorne in 1999, by Gov. James E. Risch in 2006 and by Gov. C.L.

“Butch” Otter in 2011. Prior to serving as director, he was the department’s deputy attorney general from 1976 to 1980 and a business consultant with expertise in employment issues during the next 15 years. He served two two-year terms in the Idaho State Senate in 1989-90 and 1993-94. He was to begin his third term in 1995 when he was appointed director. From December 2004 until July 2007, he also served as director of the Department of Commerce, which was formally merged with the Department of Labor from July 2005 through June 2007.

As director, he has focused on containing costs, improving customer service, building the capacity of the department staff, expanding services to businesses through his Business Solutions Initiative and enhancing operational efficiency through automation and improved facilities.

John McAllister is the chief deputy director for the Idaho Department of Labor with 39 years of experience in financial management, information technology and management in both public and private sectors. He played a key role in developing the department’s unemployment insurance tax and benefit systems, general accounting systems, a myriad of management information systems and the state’s New Hire Directory. In addition to operational management of the Department of Labor and its 700 employees, he also stepped in as administrator of the state’s Division of Building Safety, where he managed 150 employees responsible for Idaho’s trade licensing and building code enforcement, and has been involved in numerous projects with other state agencies and programs. He is the chairman of the Department of Labor Retirement Plan Board, which manages a \$160 million retirement plan covering 500 participants. Prior to becoming chief deputy director in 1995, he was chief of the department’s Accounting Bureau in 1979.

Jay Engstrom is a deputy director for operations for the Idaho Department of Labor. He began his career with the Idaho Department of Commerce in 1976 and held several positions before becoming the Economic Development Administrator, responsible for economic development, community development, research and analysis. As deputy director for operations, he is responsible for the unemployment insurance program, the Disability Determinations Service and the Idaho Human Rights Commission. He has a Masters in Public Administration from Idaho State University and for over 35 years has worked on a wide range of economic development, tax, business, work force development, procurement, finance, education and marketing issues.

THE BONDS

General

The Bonds are issuable only as fully registered bonds. The Bonds will be issuable in the denominations of \$5,000 or any integral multiples thereof, will be dated as of the date of delivery, will bear interest payable on each February 15 and August 15, commencing February 15, 2012, at the rates set forth on the inside cover page of this Official Statement and will mature on the dates set forth on the inside cover page of this Official Statement. Principal of and interest on the Bonds are payable in lawful money of the United States to the registered owner of the Bonds, Cede & Co., as nominee of The Depository Trust Company (“DTC”) in New York, New York, pursuant to the book-entry system operated by DTC. The Bonds are not subject to redemption prior to maturity.

Book-Entry-Only System

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds. Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Indenture. For additional

information about DTC and the book-entry-only system see “EXHIBIT F – BOOK-ENTRY-ONLY SYSTEM.”

Authorization

The Issuer, at its meetings on May 24, 2011 and August 18, 2011, adopted bond resolutions, which, among other things (i) authorized the Indenture, (ii) authorized and approved the issuance of the Bonds, (iii) authorized the Financing Agreement and (iv) directed the preparation and distribution of this Official Statement.

The Director of the Department has approved and recommended the issuance of the Bonds through the Issuer and the use of the proceeds thereof as required by Idaho Code, Title 72, Section 1346B, as amended. The Director has determined that the issuance of the Bonds for the repayment of federal advances under Title XII of the Social Security Act will result in a savings to the State and to the State's employers.

DEBT SERVICE REQUIREMENTS FOR THE BONDS

The following table shows the debt service requirements for the Bonds.

	Bond	Bond	Total Bond
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2012	\$43,425,000	\$6,845,567	\$50,270,567
2013	46,130,000	6,274,700	52,404,700
2014	47,940,000	4,468,650	52,408,650
2015	<u>50,075,000</u>	<u>2,329,750</u>	<u>52,404,750</u>
Total:	<u>\$187,570,000</u>	<u>\$19,918,667</u>	<u>\$207,488,667</u>

ESTIMATED SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The sources and uses of funds are to be applied as follows:

<u>Sources</u>		
Par Amount of the Bonds		\$187,570,000
Net Original Issue Premium		<u>15,993,862</u>
Total Sources		<u>\$203,563,862</u>
<u>Uses</u>		
Deposit to Project Fund		\$202,401,700
Cost of Issuance*		<u>1,162,162</u>
Total Uses		<u>\$203,563,862</u>

* Includes underwriters’ discount, legal, printing, rating agency fees, trustee fees, and other expenses of the issuance and offering of the Bonds.

SECURITY FOR THE BONDS

General

The Bonds and any interest due thereon are secured solely by the Trust Estate, which is limited to (i) all moneys, securities, or investments held in or entitled to be held by the Trustee under the Indenture, including all funds and accounts created in the Indenture (except the Rebate Fund) and all interest, profits and proceeds thereof, (ii) all of the Issuer's right, title and interest in, to and under the Financing Agreement, including all payments due under the Financing Agreement and including all funds continuously appropriated and paid to the Trustee in accordance with the Act and the Financing Agreement, except for the Issuer's right to enforce and receive payments of fees or indemnities thereunder and (iii) all of the Issuer's right, title and interest in and to all Pledged Receipts. Under the Indenture, Pledged Receipts include all funds continuously appropriated and paid to the Trustee in accordance with the State law and the Financing Agreement from moneys, securities and investments held from time to time in the Bond Principal Account and the Bond Interest Account within the Employment Security Reserve Fund established in the State of Idaho Treasury, together with all other moneys, securities and investments which constitute part of the Trust Estate.

The Financing Agreement and the Indenture

Under the terms of the Financing Agreement, the Department and the Issuer have agreed that debt service payments, trustee fees and the Issuer Annual Monitoring Fee for the Bonds will be made from moneys continuously appropriated in accordance with Section 72-1346B(2)(b), Idaho Code, in such amount and as certified by the Issuer, with principal payments on the Bonds to be made from moneys continuously appropriated from the Bond Principal Account in the Employment Security Reserve Fund and interest on the Bonds, trustee fees and the Issuer Annual Monitoring Fee to be made from moneys continuously appropriated from the Bond Interest Account in the Employment Security Reserve Fund. Upon issuance of the Bonds, and as necessary thereafter, the Issuer has agreed to make the certification to the Department, the Idaho State Controller and the Idaho State Treasurer to cause the transfer of funds to the Trustee for the Bonds, as to the times and amounts necessary for payment of debt service and other amounts required for the Bonds, all as provided in Section 72-1346B(2)(b), Idaho Code.

Under the terms of the Indenture, on the 5th Business Day prior to each Interest Payment Date, the Trustee shall deliver a written certification to the Issuer, the State Controller, the State Treasurer and the Department specifying the total amounts necessary to pay the scheduled debt service on the Bonds (specifying principal and interest separately), the Trustee Fees and the Issuer's Annual Monitoring Fee due on the next succeeding Interest Payment Date.

The Department will arrange for such continuously appropriated payments to be transmitted to the Trustee from the Bond Principal Account and Bond Interest Account, as applicable, at least three (3) Business Days prior to the scheduled date of debt service or other payment. The Trustee shall, upon receipt, deposit all such payments into the General Account of the Revenue Fund of the Indenture.

The Bonds are also secured by certain other funds and accounts created in the Indenture. See "EXHIBIT D - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "EXHIBIT E - SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT" herein.

Flow of Funds

Amounts paid out of the Bond Principal Account for principal payments on the Bonds shall be considered a loan to, and shall be repaid from, the Benefit Account in the Employment Security Fund to

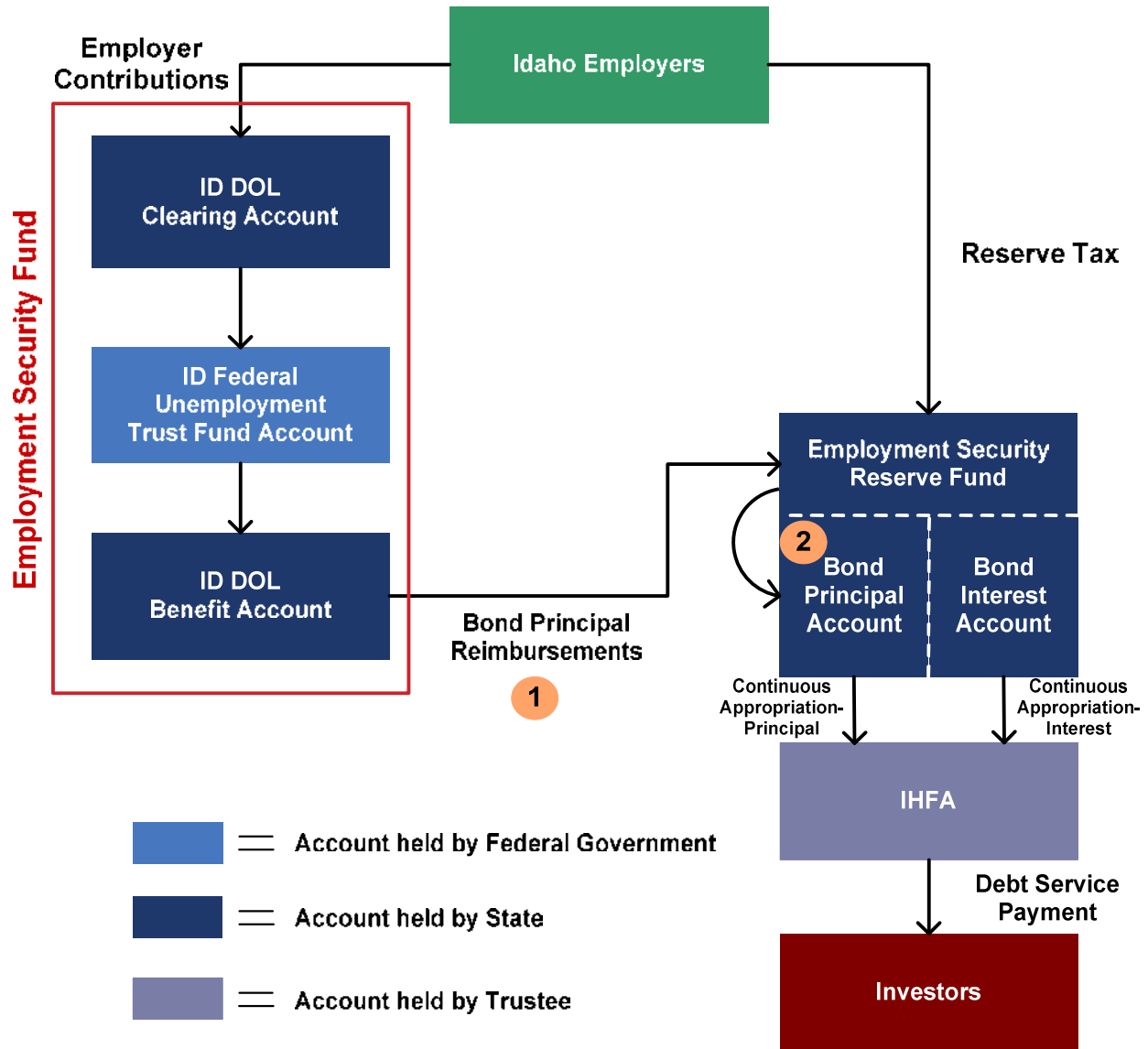
the Employment Security Reserve Fund immediately, out of revenue the Department derives from employer contributions (step 1 in the flow of funds chart below), and the Director of the Department will cause such repayment to be deposited to the Bond Principal Account in the Employment Security Reserve Fund as soon as possible upon receipt from the Benefit Account but not later than ninety (90) days before the next principal payment date on the Bonds (step 2 in the flow of funds chart below).

Pursuant to the Financing Agreement, the Department has agreed that it will take no action to loan funds from the Employment Security Reserve Fund to the Employment Security Fund if doing so would reduce the amount deposited, and available for deposit, in the Bond Principal Account below the amount needed for the next principal payment on the Bonds.

At any time the balance in the Benefit Account reaches zero (0), the Director of the Department shall immediately requisition funds from Idaho's account in the Federal Unemployment Trust Fund, and if funds therein are not then sufficient to pay unemployment insurance benefits, the Director shall immediately obtain advances from the Federal Unemployment Account in the Unemployment Trust Fund as provided for in Section 72-1346A, Idaho Code. See "EMPLOYMENT SECURITY LAW—Idaho Employment Security Law—Withdrawals" and "—Advances under Title XII of the Social Security Act to Employment Security Fund" herein.

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The following chart describes the flow of moneys into the Employment Security Reserve Fund and subsequently to the Trustee. For a further description of employer contributions and the reserve tax, see “EMPLOYMENT SECURITY LAW—Idaho Employment Security Law—Payment of Contributions” and “—Reserve Tax” herein.



Employment Security Reserve Fund

The Employment Security Reserve Fund is a separate trust fund established in the State Treasury, held separate and apart from all other funds of the State. During its First Regular Session – 2011, the Idaho Legislature appropriated fifty million dollars (\$50,000,000) to the Bond Principal Account and appropriated twenty million dollars (\$20,000,000) to the Bond Interest Account in the Employment Security Reserve Fund. These amounts will be deposited into such funds on or prior to the closing date.

Moneys in the Bond Principal Account may be used solely for the payment of bond and note principal, and moneys in the Bond Interest Account may be used solely for the payment of bond and note interest and other amounts required for the unemployment benefit bonds or notes issued by the Issuer in

accordance with Section 72-1346B, Idaho Code, and Idaho Code, Title 67, Chapter 62, including the Bonds.

Moneys deposited in the Bond Interest Account as of the closing date are expected to be sufficient to pay interest on the Bonds through the maturity thereof.

Moneys deposited in the Bond Principal Account as of the closing date are expected to be sufficient to pay principal of the Bonds through August 15, 2012. There will be approximately \$42 million in additional funds in the Employment Security Reserve Fund separate from the Bond Interest Account and the Bond Principal Account on the issuance date of the Bonds.

Employment Security Fund

The Employment Security Fund consists of three (3) separate accounts: (i) a Clearing Account, (ii) an Unemployment Trust Fund Account (the State's account in the Federal Unemployment Trust Fund) and (iii) a Benefit Account. The Clearing and Benefit Accounts are maintained in the State Treasury. The Unemployment Trust Fund Account is maintained with the United States Treasury. Upon receipt, all moneys payable to the Employment Security Fund are forwarded to the State Treasurer for immediate deposit in the Clearing Account. After clearance, all moneys in the Clearing Account, except as otherwise provided in the State ES Law, are promptly forwarded to the United States Treasury to the credit of the State's account in the Federal Unemployment Trust Fund. Funds held in the Clearing and Benefit Accounts cannot be commingled with other State funds and are maintained in separate accounts.

As outlined in the Financing Agreement, amounts paid out of the Bond Principal Account for principal payments on the Bonds shall be considered a loan to, and shall be repaid from, the Benefit Account in the Employment Security Fund to the Employment Security Reserve Fund immediately, out of revenue the Department derives and has derived from employer contributions. No additional appropriations are required to reimburse the Bond Principal Account for such principal payments. On September 30, 2011, the balance in the Unemployment Trust Fund Account in the Employment Security Fund is expected to be approximately \$126 million.*

See “EMPLOYMENT SECURITY LAW—Idaho Employment Security Law” for additional information about the Employment Security Fund.

Continuing Appropriations

Continuing appropriations by the Idaho Legislature are “continuing” through the maturity of the Bonds. No additional “annual appropriations” are required since the Idaho Legislature has approved the continuing appropriation of amounts necessary to pay debt service on the Bonds. Funds in the Bond Principal Account and Bond Interest Account of the Employment Security Reserve Fund are made available to the Trustee upon the certification by the Issuer to the Department, the Idaho State Controller and the Idaho State Treasurer of the amounts required to pay the debt service and other necessary and related costs on the Bonds. No additional appropriations will be required to reimburse the Bond Principal Account for principal payments made on the Bonds from amounts in the Benefit Account and the Employment Security Reserve Fund as described in the Financing Agreement.

* As of August 18, 2011, the balance was approximately \$146 million.

Non-impairment

In the Act, the State has pledged to and agreed with the bondholders that it will not limit or alter the rights vested in the Issuer to fulfill the terms of any agreements made with them, or in any way impair the rights and remedies of the bondholders until the Bonds, together with the interest thereon and on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged.

No Additional Parity Indebtedness

No additional bonds may be issued under the Indenture and no additional indebtedness having a parity lien on the Pledged Receipts may be incurred by the Issuer, except that nothing therein shall prohibit the Issuer from issuing bonds to refund any of the Bonds or issuing additional indebtedness having a lien on Pledged Receipts which is subordinate to the lien created therein with respect to the Bonds.

As part of its other financing programs, the Issuer has issued and reserved the right in the future to issue other obligations not secured or payable from the proceeds, moneys, rights and collections pledged to the payment of the Bonds.

Limited Obligations

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER. THE BONDS AND THE INTEREST THEREON DO NOT REPRESENT OR CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY, GENERAL OR MORAL OBLIGATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. THE BONDS ARE NOT A DEBT OR LIABILITY OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN. NEITHER THE STATE OF IDAHO, THE LEGISLATURE THEREOF NOR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN IS LIABLE FOR THE BONDS AND THE BONDS DO NOT CONSTITUTE THE GIVING, PLEDGING OR LOANING OF THE CREDIT OF THE STATE OF IDAHO, THE LEGISLATURE THEREOF OR ANY POLITICAL SUBDIVISION OR MUNICIPALITY THEREIN, NOR SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OTHER THAN THOSE OF THE ISSUER WHICH ARE A PART OF THE TRUST ESTATE PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE BONDS. THE ISSUER HAS NO TAXING POWER.

Expected Bond Principal Coverage

Based on the assumptions described in “STATE EMPLOYMENT SECURITY PROGRAM—Employment Security Fund and Employment Security Reserve Fund Solvency Projections” herein, total funds available for principal payments on the Bonds are expected to be in excess of five times the principal due each year until the final maturity of the Bonds. The initial \$20 million deposited in the Bond Interest Account as of the closing date is expected to be sufficient to pay interest on the Bonds through the final maturity thereof.

Unemployment Compensation Revenue Bonds Series 2011
Principal Coverage Model (in millions)

Year	Employment Security Fund	Employment Security Reserve Fund (Reserve Fund)					Credit Metrics	
	A	B	C	D	E	F = B+C-E	G = A+F	H = G/E
	End of 3rd Quarter Trust Fund Balance ¹	Beginning Reserve Fund Balance (Net of Bond Interest Account)	Transfer: Benefit Account Principal Account ²	Bond Principal Account	Principal Paid	Ending Reserve Fund Balance (Net of Bond Interest Account)	Total Funds Available for Principal	Principal Coverage
2011	\$ 126	\$ 92	\$ 0	\$ 50	--	\$ 92	\$ 218	
2012	151	92	43	50	\$ 43	92	243	5.6x
2013	192	92	46	50	46	92	284	6.1x
2014	246	92	48	50	48	92	338	7.0x
2015	282	92	50	0	50	92	374	7.5x

1 Includes expected benefits payments, contributions and transfers to the Reserve Fund for bond principal payments

2 Assumes final transfer from Benefit Account goes into Reserve Fund, not Bond Principal Account

Source: Idaho Department of Labor

The principal coverage model described in the table above assumes, among other things, that the projected unemployment rate in Idaho will be 9.3 percent for 2011 through 2013 and 8.7 percent for 2014 and 2015 and the continuation of the current tax rate formula.

Idaho's monthly unemployment rate peaked in December 2010 through March 2011 at 9.7 percent. Assuming an unemployment rate for the years 2011 through 2013 of 9.7 percent (the highest quarterly unemployment rate in the last 35 years) and an unemployment rate of 9.0 percent for years 2014 and 2015, the Department expects, based on their projections, that it would be able to pay both debt service on the Bonds and benefit claims until the first quarter of 2015 before needing to request a Federal Advance of approximately \$16 million to pay benefit claims.

The projections used in the principal coverage model are forward-looking statements and are subject to the general qualifications and limitations described under "INTRODUCTION—Forward-Looking Statements" above. No assurances can be given that actual events will correspond with the assumptions made by the Department underlying such projections.

EMPLOYMENT SECURITY LAW

The following is a summary of certain relevant historical events and certain provisions of the Federal Unemployment Tax Act ("FUTA") and the Idaho Employment Security Law (the "State ES Law"). This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the statutes, rules, and regulations governing the FUTA and the State ES Law, including, but not limited to, Title IX of the Social Security Act and Title 72 of the Idaho Code, as amended. The program created under the State ES Law is herein referred to as the State Employment Security Program (the "State ES Program").

Federal Unemployment Tax Act

Title IX of the Social Security Act established the Unemployment Compensation Program (“UC Program”) as a joint federal-state program to provide benefits for workers who have lost their jobs through no fault of their own. Federal laws and regulations provide the framework for state UC Programs, but each state is accorded the discretion to set benefit levels, establish eligibility rules and employer contribution rates, and to determine other issues relevant to unemployment compensation. Pursuant to the FUTA, covered employers must pay federal unemployment taxes to the Internal Revenue Service. The FUTA tax rate is currently 6.0% of the first \$7,000 of wages (the federal taxable wage base) paid by covered employers. FUTA tax collections, which are deposited into an account of the “Unemployment Trust Fund” held in the Treasury of the United States of America (the “United States Treasury”), are available to pay administrative costs of state UC Programs and half of extended unemployment benefits and are used to maintain a loan fund from which Federal Advances (hereinafter defined) may be made. The United States Department of Labor reviews state unemployment compensation laws annually to determine whether such laws meet all federal law requirements. Generally, if the United States Secretary of Labor (the “Secretary of Labor”) certifies that a state UC Program meets certain criteria, contributing employers of that state are eligible to receive a tax credit of 5.4% (the “FUTA Tax Credit”) against the FUTA tax rate, reducing the federal rate to 0.6%. If a state’s unemployment compensation laws fail to conform to federal law requirements, employers in that state could lose the tax credit described above, and the state could lose federal grants that provide funds to cover costs of administering its UC Program. The State and the State ES Program have never been decertified.

Title XII of the Social Security Act provides that Unemployment Trust Fund advances (“Federal Advances”) may be made to a state when the state’s account in the Unemployment Trust Fund has insufficient funds to meet its Benefit Obligations (defined below). If a state has outstanding Federal Advances on January 1 of two consecutive years that remain unpaid as of the November 9 following the second consecutive January 1, the FUTA Tax Credit to employers within such state may be reduced by 0.3%. In the succeeding year the FUTA Tax Credit will be reduced by 0.6% and an additional 0.3% each year thereafter until its Federal Advances are repaid. For the third and each succeeding year that Federal Advances remain unpaid, the FUTA Tax Credit to employers may be further reduced if the state’s unemployment compensation tax rate fails to meet certain federal criteria. Any revenue resulting from a reduction in the FUTA Tax Credit for employers is collected by the Internal Revenue Service and applied to repay the state’s outstanding Federal Advances. The date on which reductions in the FUTA Tax Credit begin can be deferred, provided that a state has met certain federal solvency criteria for its state UC Program.

Federal Advances bear interest at a rate equal to the rate paid by the federal government on the aggregate balances in the state unemployment trust accounts in the last quarter of the preceding calendar year, but not more than 10%. The rate for 2011 is 4.0869%. Interest is charged annually, but if Federal Advances made in any calendar year are repaid before September 30th of the same calendar year, no interest is charged with respect to such Federal Advances unless a state receives further Federal Advances within the same calendar year. Federal law prohibits the use of funds in a state’s Unemployment Trust Fund account to pay interest due on Federal Advances. Under provisions of the American Recovery and Reinvestment Act of 2009 (“ARRA”), all interest due on Federal Advances was waived through December 31, 2010 and began to accrue interest on January 1, 2011. According to the United States Department of Labor, the State had outstanding Federal Advances of \$202,401,700.22 as of August 18, 2011.

Idaho Employment Security Law

Administration. The State ES Law is administered by the Director of the Department, who is appointed by the Governor and confirmed by the State senate.

Employment Security Fund. The Idaho Code establishes the “Employment Security Fund,” to be administered pursuant to the provisions of the State ES Law and the Social Security Act. The Employment Security Fund consists of all contributions collected pursuant to the State ES Law, payments in lieu of contributions, interest earned upon any moneys in the fund, any property or securities acquired through the use of moneys belonging to the fund, all earnings of such property or securities, moneys temporarily deposited in the Clearing Account, and all other moneys received for the fund from any other source.

The Employment Security Fund consists of three (3) separate accounts: (i) a Clearing Account, (ii) an Unemployment Trust Fund Account (the State's account in the Federal Unemployment Trust Fund) and (iii) a Benefit Account. The Clearing and Benefit Accounts are maintained in the State Treasury. The Unemployment Trust Fund Account is maintained with the United States Treasury. Upon receipt, all moneys payable to the Employment Security Fund are forwarded to the State Treasurer for immediate deposit in the Clearing Account. After clearance, all moneys in the Clearing Account, except as otherwise provided in the State ES Law, are promptly forwarded to the United States Treasury to the credit of the State's account in the Federal Unemployment Trust Fund. The Benefit Account consists of all moneys requisitioned for the payment of benefits from the State's account in the Federal Unemployment Trust Fund. Moneys in the Clearing and Benefit Accounts cannot be commingled with other State funds and are maintained in separate accounts.

Payment of contributions. Contributions are reported and paid to the Department on taxable wages for each calendar year equal to the amount determined in accordance with section 72-1350, Idaho Code, as amended. Contributions accrue and become reportable and payable to the Department by each covered employer for each calendar quarter with respect to wages for covered employment. Such contributions are due and shall be paid by each covered employer to the Director for deposit to the Employment Security Fund and are not deducted from the wages of individuals employed by such employer. All moneys required to be paid by a covered employer pursuant to the State ES Law immediately, upon becoming due and payable, becomes or is deemed money belonging to the State, and every covered employer shall hold or be deemed to hold said money separately, aside, or in trust from any other funds, moneys or accounts, for the State for payment in the manner and at the times provided by law.

The contributions reportable and payable to the Department by each covered employer, with respect to covered employment, accruing in each calendar quarter, are reported and paid to the Department on or before the last day of the month following the close of said calendar quarter. The Director may, for good cause shown by a covered employer, extend the time for payment of its contributions or any part thereof, but no such extension of time shall postpone the due date more than sixty (60) days. Contributions with respect to which an extension of time for payment has been granted are to be paid on or before the last day of the period of the extension.

Taxable wage base and taxable wage rates. The term taxable wage base for purpose of the State ES Law means all remuneration for personal services as defined in section 72-1328, Idaho Code equal to the average annual wage in covered employment for the penultimate calendar year, rounded to the nearest multiple of one hundred dollars (\$100), or the amount of taxable wage base specified in the federal unemployment tax act, whichever is higher.

The taxable wage rate for a covered employer in the State ES Program is set at either the standard rate or at one of 13 different rate levels. Taxable wage rates are assigned annually and are effective January 1 of each year. The standard rate is assigned to all new employers for the first 18 to 24 months that they are in business. Other covered employers are assigned one of the 13 rate levels based on certain criteria, including the number of claims for unemployment benefits involving an employer.

Each year the Department calculates a base rate, which is determined using a tax rate formula set forth in Section 72-1350, Idaho Code. The base rate is adjusted up or down based on several factors, including, but not limited to, the size of the Employment Security Fund and the Employment Security Reserve Fund relative to the average benefit payout during the three highest benefit payout years in the previous 20 years multiplied by the desired fund size multiplier. The standard rate and the other 13 taxable wage rates assigned to covered employers are determined by multiplying the base rate by different tax factors. Taxable wage rates cannot exceed certain maximum rates set forth in Section 72-1350, Idaho Code. For example, the maximum standard rate for 2011 is 3.360%.

See Exhibit B “CERTAIN PROVISIONS OF THE IDAHO EMPLOYMENT SECURITY LAW—Taxable Wage Base and Taxable Wage Rates” for a more detailed explanation of the tax rate formula used to determine taxable wage rates and a list of the current maximum rates. See also Exhibit A “CERTAIN INFORMATION REGARDING IDAHO EMPLOYMENT AND THE UNEMPLOYMENT COMPENSATION PROGRAM—Idaho Employment Taxable Wage Rates and Collections Statistics” for a description of the historical and current taxable wage rates.

Reed Act Moneys. Reed Act moneys credited to the State's account in the Federal Unemployment Trust Fund by the secretary of the Treasury of the United States pursuant to section 903 of the Social Security Act (42 U.S.C. 1103) may be requisitioned and used for the payment of benefits and for the payment of expenses incurred for the administration of the State ES Program. Moneys may only be requisitioned and used for the payment of expenses incurred for administration if the expenses are incurred and the money is requisitioned after the enactment of a specific appropriation by the State legislature which specifies the purposes for which such money is appropriated and the amounts appropriated therefor. Reed Act moneys requisitioned for the payment of benefits are to be deposited in the Benefit Account.

Withdrawals. Moneys requisitioned by the Director through the Treasurer from the State's account in the Federal Unemployment Trust Fund are used exclusively for the payment of benefits and for refunds pursuant to section 72-1357, Idaho Code, except that Reed Act moneys credited to the State's account pursuant to section 903 of the Social Security Act (42 U.S.C. 1103), are used exclusively as provided above. The Director through the Treasurer requisitions from the State's Account in the Federal Unemployment Trust Fund such amounts, not exceeding the amounts standing to the State's account therein, as he deems necessary for the payment of benefits and refunds for a reasonable period. Upon receipt, such moneys are deposited in the Benefit Account. Any earnings on the residual daily balance in the Benefit Account in excess of related banking costs is returned to the State's account in the Federal Unemployment Trust Fund annually. Any balance of moneys requisitioned from the State's Account in the Federal Unemployment Trust Fund which remains unclaimed or unpaid in the Benefit Account after the expiration of the period for which such sums were requisitioned, may be utilized for the payment of benefits and refunds during succeeding periods, or, in the discretion of the Director, redeposited with the secretary of the Treasury of the United States to the credit of the State's account in the Federal Unemployment Trust Fund.

Payment of benefits. Benefits are paid from the Employment Security Fund to any unemployed individual who is eligible for benefits as provided by section 72-1366, Idaho Code. Benefits are paid not less frequently than biweekly.

See Exhibit B “CERTAIN PROVISIONS OF THE IDAHO EMPLOYMENT SECURITY LAW—Benefit Formula” for a description of the formula used to determine Benefits.

Employment Security Reserve Fund. The State ES Law establishes in the State Treasury a separate trust fund known as the Employment Security Reserve Fund (the “Employment Security Reserve Fund”). Except as provided in the State ES Law, all proceeds from the reserve tax (described below) are paid into the Employment Security Reserve Fund. The moneys in the Employment Security Reserve Fund may be used by the Director for loans to the Employment Security Fund, as security for loans from the Federal Unemployment Trust Fund, and for the repayment of any interest bearing advances, including advances made under title XII of the Social Security Act as well as the Bonds. The State Treasurer is the custodian of the Employment Security Reserve Fund and disburses the moneys from the Employment Security Reserve Fund in accordance with the directions of the Director.

See “SECURITY FOR THE BONDS—Employment Security Reserve Fund” for additional information about the Employment Security Reserve Fund and the Bond Principal Account and Bond Interest Account created therein.

Reserve Tax. A reserve tax is imposed on all covered employers required to pay contributions pursuant to section 72-1350, Idaho Code, except deficit employers who have been assigned a taxable wage rate from deficit rate class six pursuant to section 72-1350(8)(a), Idaho Code. The reserve tax is due and payable at the same time and in the same manner as contributions. If the Employment Security Reserve Fund is less than one percent (1%) of state taxable wages in the penultimate year as of September 30 of the preceding calendar year, the reserve tax rate for all eligible, standard-rated and deficit employers shall be equal to the taxable wage rate then in effect less the assigned contribution rate and training tax rate. The provisions of the State ES Law that apply to the payment and collection of contributions also apply to the payment and collection of the reserve tax, including the same calculations, assessments, method of payment, penalties, interest, costs, liens, injunctive relief, collection procedures and refund procedures.

Moneys collected from an employer delinquent in paying contributions and reserve taxes shall first be applied to pay any penalty and interest imposed pursuant to the State ES Law and shall then be applied pro rata to pay delinquent contributions to the Employment Security Fund and delinquent reserve taxes to the Employment Security Reserve Fund. Reserve taxes may not be deducted in whole or in part by any employer from the wages of individuals in its employ. All reserve taxes collected are deposited in the Clearing Account. After clearance, the moneys are deposited in the Employment Security Reserve Fund. No reserve tax shall be imposed for any calendar year if, as of September 30 of the preceding calendar year, the balance of the Employment Security Reserve Fund equals or exceeds one percent (1%) of the state taxable wages for the penultimate calendar year, or exceeds forty-nine percent (49%) of the actual balance of the Employment Security Fund.

The interest earned from investment of the Employment Security Reserve Fund are, absent any specific appropriation, perpetually appropriated to the Director and may be expended with the approval of the advisory council appointed pursuant to section 72-1336, Idaho Code, for costs related to programs administered by the Department. The Director reports annually to the joint finance-appropriations committee and the advisory council the expenditures and disbursements made from such funds during the preceding fiscal year, and the expenditures and disbursements and commitments made during the current fiscal year to date.

Advances under Title XII of the Social Security Act to Employment Security Fund. In the event the Director determines that it is necessary to obtain advances from the Federal Unemployment Account in the Unemployment Trust Fund pursuant to Title XII of the Social Security Act (42 U.S.C.

1321), and that a request for such advances is authorized under section 1201 of the Social Security Act, or under any other act of congress extending such authority, the Director shall request the Governor to make application to the Secretary of Labor of the United States for such advances. Funds so advanced shall be for the payment of unemployment insurance benefits.

Any amount transferred to the Employment Security Fund by the secretary of the Treasury of the United States in accordance with Section 72-1346A, Idaho Code, shall be repaid from the Employment Security Fund as provided in section 1202 of the Social Security Act (42 U.S.C. 1322).

There is established in the State Treasury the “Federal Advance Interest Repayment Fund.” This fund shall consist of all federal advance interest repayment taxes levied and collected as set forth in Section 72-1346A, Idaho Code and interest earned upon any moneys in the fund. All moneys in the fund are perpetually appropriated to the Director for the payment of interest on any advance made to the State pursuant to Title XII of the Social Security Act, except that if, at the end of any calendar year, all advances and interest have been repaid, any remaining balance in the fund shall be transferred to the Employment Security Fund. Interest charges due and payable pursuant to section 1202 of the Social Security Act, may be paid by the Director from the federal advance interest repayment fund. Such expenditures shall not be subject to any law requiring specific appropriations or other formal release by state officers of money in their custody, nor shall such expenditures require the approval of the board of examiners.

STATE EMPLOYMENT SECURITY PROGRAM

History

Idaho’s unemployment insurance program dates back to the Social Security Act of 1935 that established the state-federal partnership to financially assist workers laid off through no fault of their own and to assist employers by maintaining a skilled work force. While the State sets specific unemployment benefit and tax provisions, such provisions must meet certain federal standards. Idaho’s unemployment program has always been in compliance with federal standards, which assures employers in the State that they will be able to receive the maximum amount of credit on their federal unemployment insurance tax.

In 2005, Idaho revised its benefit and employment tax system. Under the revised system, employer taxes are determined based, among other criteria, on the balance maintained in the Employment Security Fund, and the maximum weekly benefit for workers is inversely related to employer taxable wage rates. As employer taxable wage rates increase, the maximum weekly benefit falls and vice versa. For example, in 2008, the average effective taxable wage rate for employers dropped to a record low of less than 1 percent and the maximum weekly benefit reached a high of \$364. However, after reaching record low taxable wage rates, the effects of the current recession caused employer taxable wage rates to increase, and the maximum weekly benefit has been correspondingly reduced.

At the time the State ES Program was revised in 2005, the desired fund size multiplier, which is used in the tax rate formula to determine the taxable wage rates, was reduced from 1.5 to 0.8. This change to the tax rate formula resulted in significantly reduced taxable wage rates. The change to the desired fund size multiplier reduced the Employment Security Fund target balance for 2005 from approximately \$400 million to \$200 million (saving employers approximately \$200 million in taxes) and caused taxable wage rates to reach record lows in 2008. See Exhibit B “CERTAIN PROVISIONS OF THE IDAHO EMPLOYMENT SECURITY LAW—Taxable Wage Base and Taxable Wage Rates” for a more detailed explanation of the tax rate formula used to determine taxable wage rates. See also Exhibit A “CERTAIN INFORMATION REGARDING IDAHO EMPLOYMENT AND THE

UNEMPLOYMENT COMPENSATION PROGRAM—Idaho Employment Taxable Wage Rates and Collections Statistics” for a list of the historical taxable wage rates.

In the early part of 2008, benefit payouts dramatically increased while revenues remained at the reduced rates. By the end of 2008, the Employment Security Fund had collected approximately \$103 million in contributions but had paid approximately \$210 million in benefits. This brought the Employment Security Fund balance under \$100 million at the end of 2008. In 2009, benefit payments reached approximately \$383 million, while Employment Security Fund contributions were less than \$131 million. As a result, there were insufficient funds in the Employment Security Fund to pay benefit obligations. Between March 2009 and May 2009, funds in the aggregate amount of \$74,547,000 were drawn from the Employment Security Reserve Fund. Between June 2009 and April 2010, the State received federal advances under Title XII of the Social Security Act in the aggregate amount of \$202,401,700 to cover shortfalls in the Employment Security Fund.

Employment Security Fund and Employment Security Reserve Fund Solvency Projections

Taxable wage rates have been significantly increased since 2008. One of the factors in the tax rate formula used to determine the taxable wage rates is the ratio between the size of the Employment Security Fund and the Employment Security Reserve Fund relative to the average benefit payout during the three highest benefit payout years in the previous 20 years. The reduced size of the Employment Security Fund and the inclusion of the benefit payouts in years 2008, 2009 and 2010 in such calculation has resulted in significant increases to the taxable wage rates for years 2009, 2010 and 2011. For example, the taxable wage rates for 2011 are at maximum levels, and the 2011 standard rate is more than 3 times as high as it was in 2008. The inclusion of the benefit payouts in years 2008, 2009 and 2010 in the tax rate formula is expected to maintain taxable wage rates at high levels through the final maturity of the Bonds. See Exhibit A “CERTAIN INFORMATION REGARDING IDAHO EMPLOYMENT AND THE UNEMPLOYMENT COMPENSATION PROGRAM—Idaho Employment Taxable Wage Rates and Collections Statistics” for tables describing current and historical taxable wage rates.

In addition, House Bill 108, as adopted by the Sixty-First Idaho Legislature First Regular Session - 2011, will return the desired fund size multiplier in the tax rate formula to 1.5 from 0.8. The increase in the desired fund size multiplier will be made in equal annual increments over seven years beginning in 2012.

The projected Employment Security Fund and Employment Security Reserve Fund balances shown in the tables below are based on projected taxable wage rates, collection rates and the assumption of future economic growth of 0.7 percent annualized wage growth and 1.1 percent annualized employment growth. These wage and employment growth assumptions are based on historic quarterly trends that project a 9.3 percent unemployment rate for 2011 through 2013 and 8.7 percent unemployment rate for 2014 and 2015. The insured unemployment rate, which includes only those persons covered under the State ES Program, is projected to be 90 percent of the peak insured unemployment rate of 5.24 percent reached in 2009, the highest rate in the last 20 years. As a result, it is projected that benefits paid from the Employment Security Fund will be below the peak payouts of 2009 and 2010.

Idaho Employment Security Fund Quarterly Historical and Projected Balances (in millions)

Employment Security		Employment Security	
<u>Year / Quarter</u>	<u>Fund Balance</u>	<u>Year / Quarter</u>	<u>Fund Balance</u>
2000 Q1	\$ 243.20	2009 Q1	(9.30)
Q2	251.60	Q2	(7.07)
Q3	270.40	Q3	(0.59)
Q4	271.60	Q4	(4.28)
2001 Q1	246.70	2010 Q1	(1.04)
Q2	242.80	Q2	41.06
Q3	244.00	Q3	81.16
Q4	231.20	Q4	102.70
2002 Q1	181.40	2011 Q1	80.44
Q2	170.40	Q2	86.04
Q3	172.90	<i>Q3</i>	<i>126.06</i>
Q4	164.80	<i>Q4</i>	<i>136.37</i>
2003 Q1	127.40	<i>2012 Q1</i>	<i>106.15</i>
Q2	113.00	<i>Q2</i>	<i>149.11</i>
Q3	110.00	<i>Q3</i>	<i>150.88</i>
Q4	101.60	<i>Q4</i>	<i>167.48</i>
2004 Q1	65.60	<i>2013 Q1</i>	<i>141.91</i>
Q2	68.30	<i>Q2</i>	<i>189.09</i>
Q3	79.70	<i>Q3</i>	<i>191.69</i>
Q4	81.92	<i>Q4</i>	<i>213.17</i>
2005 Q1	57.53	<i>2014 Q1</i>	<i>191.83</i>
Q2	71.16	<i>Q2</i>	<i>242.34</i>
Q3	92.27	<i>Q3</i>	<i>245.50</i>
Q4	105.55	<i>Q4</i>	<i>269.42</i>
2006 Q1	90.32	<i>2015 Q1</i>	<i>247.61</i>
Q2	111.99	<i>Q2</i>	<i>289.11</i>
Q3	139.07	<i>Q3</i>	<i>282.28</i>
Q4	152.89	<i>Q4</i>	<i>298.96</i>
2007 Q1	134.21	<i>2016 Q1</i>	<i>272.00</i>
Q2	151.91	<i>Q2</i>	<i>289.01</i>
Q3	171.09	<i>Q3</i>	<i>311.11</i>
Q4	174.37	<i>Q4</i>	<i>310.38</i>
2008 Q1	131.60		
Q2	116.46		
Q3	\$107.58		
Q4	66.58		

Note: Italicized amounts reflect Idaho Department of Labor projections.

Source: Idaho Department of Labor

Projected Quarterly Employer Contributions and Benefit Payouts (in millions)

<u>Year / Quarter</u>	<u>Employer Contributions</u>	<u>Benefit Payouts</u>	<u>Employment Security Fund Balance¹</u>
2011 Q3	\$ 79.4	\$ 39.4	\$ 126.1
Q4	64.1	53.8	136.4
2012 Q1	49.1	79.3	106.1
Q2	92.1	49.1	149.1
Q3	80.5	35.3	150.9
Q4	65.2	48.6	167.5
2013 Q1	49.7	75.3	141.9
Q2	93.8	46.6	189.1
Q3	81.9	33.2	191.7
Q4	66.4	44.9	213.2
2014 Q1	50.6	72.0	191.8
Q2	95.3	44.8	242.3
Q3	83.2	32.1	245.5
Q4	68.0	44.1	269.4
2015 Q1	52.3	74.1	247.6
Q2	88.0	46.5	289.1
Q3	76.8	33.6	282.3

1 Includes expected employer contributions, benefit payouts and transfers to the Employment Security Reserve Fund for principal payments on the Bonds.

Note: Highlighted rows indicate Bond principal payment quarters.

Source: Idaho Department of Labor

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Employment Security Reserve Fund Year-End Historical and Projected Balances (in millions)

<u>Year End</u>	<u>Reserve Fund Balance</u>
2000	70.33
2001	83.68
2002	86.66
2003	86.71
2004	84.65
2005	84.65
2006	106.94
2007	114.60
2008	117.37
2009	75.69
2010	75.69
<i>2011</i>	<i>112.00</i>
<i>2012</i>	<i>105.15</i>
<i>2013</i>	<i>98.88</i>
<i>2014</i>	<i>94.41</i>
<i>2015</i>	<i>92.08</i>
<i>2016</i>	<i>127.41</i>

Note: Italicized amounts reflect Idaho Department of Labor projections.
Source: Idaho Department of Labor

The projections contained in this section and in other sections of this Official Statement are forward-looking statements and are subject to the general qualifications and limitations described under “INTRODUCTION—Forward-Looking Statements” above. No assurances can be given that actual events will correspond with the assumptions made by the Department underlying such projections.

LEGALITY FOR INVESTMENT

Pursuant to the Act, the Bonds are eligible for investment in Idaho by state and municipal officers, banks, trust companies, savings banks and saving associations, savings and loans associations, national banking associations, insurance companies, executors, trustees and other fiduciaries, and all other persons who are authorized to invest in bonds or other obligations of the State of Idaho.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the Bonds are subject to the approval of Ballard Spahr LLP and Skinner Fawcett LLP, collectively, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP. Underwriters’ Counsel undertakes no responsibility for the fairness, accuracy or completeness of this Official Statement. Certain legal matters relating to the Issuer will be passed upon by Richard A. Skinner, Esq. of Skinner Fawcett LLP, Boise, Idaho, as general counsel to the Issuer. Certain legal matters will be passed upon for the Department by its counsel, Craig Bledsoe, Esquire, Deputy Attorney General of Idaho.

TAX MATTERS

In the opinion of Co-Bond Counsel to the Issuer, based on the existing laws, regulations, rulings and court decisions and, among other matters, assuming the accuracy of certain certifications and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes but such interest is included in adjusted current earnings in computing the federal alternative minimum taxes imposed on certain corporations. Co-Bond Counsel are also of the opinion based on existing laws of the State of Idaho as enacted and construed that interest on the Bonds is exempt from State of Idaho income taxes. Co-Bond counsel express no opinion regarding other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The Code establishes certain requirements which must be met on a continuing basis subsequent to the delivery of the Bonds for interest on the Bonds to be excludable from gross income for federal income tax purposes. The Issuer and the Department have covenanted to take all reasonable steps to comply with all of the requirements of the Code so that interest on the Bonds will be excludable from gross income for federal income tax purposes. Co-Bond Counsel have assumed continuing compliance by the Issuer and the Department with the above covenants and procedures in rendering their opinion. Failure to comply with certain tax requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of such bonds. Co-Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds. Co-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 other matters coming to the attention of Co-Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, their opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

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

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

Although Co-Bond Counsel expects to render an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and that interest on the Bonds is exempt from State of Idaho income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status or the Bondholder's other items of income or deduction. Co-Bond Counsel expresses no opinion regarding any such other tax consequences.

Certain of the Bonds may be offered at a premium (“original issue premium”) over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a bond through reductions in the holder’s tax basis for the bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

NO LITIGATION

There is no proceeding or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Bonds, the existence or powers of the Issuer relating to the Bonds or the title of any officers of the Issuer to their respective positions.

CONTINUING DISCLOSURE

The Issuer and the Department have covenanted for the benefit of the Holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Issuer and the Department not later than nine months following the end of the Issuer’s fiscal year, commencing with a report for the Issuer’s fiscal year ending June 30, 2011 (the “Annual Bond Disclosure Report”), and to provide notice of the occurrence of certain enumerated events, if material. The filing of the Annual Bond Disclosure Report or notices of material events will be made solely by transmitting such filing to the Municipal Securities Rulemaking Board pursuant to its Electronic Municipal Market Access (“EMMA”) system as provided at <http://www.emma.msrb.org>. The specific nature of the information to be contained in the Annual Bond Disclosure Report and the notices of material events is summarized herein. See “EXHIBIT G - SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

RATINGS

Fitch Ratings (“Fitch” or the “Rating Agency”) has assigned the Bonds a rating of “AA+.”

The rating reflects only the views of the Rating Agency. Explanations of the significance of the rating may be obtained from the Rating Agency as follows: Fitch Ratings, One State Street Plaza, New York, New York 10004, (212) 908-0500. A rating is not a recommendation to buy, sell or hold the Bonds, and there is no assurance that any rating will be maintained for any given period of time by a Rating Agency or that it will not be revised or withdrawn entirely by such Rating Agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of a rating may have an affect on the market price of the Bonds.

As part of the process of obtaining ratings for the Bonds, the Issuer had initial discussions with and submitted certain materials to Fitch and to Standard & Poor’s, a subsidiary of The McGraw-Hill Companies, Inc. (“S&P”). Due to the fact that it does not have established criteria for evaluating and rating securities of the nature being issued by the Issuer, S&P declined to provide a rating for the Bonds.

UNDERWRITING

The Bonds will be purchased from the Issuer by the Underwriters, represented by Goldman, Sachs & Co., under a Purchase Contract dated August 18, 2011, pursuant to which the Underwriters agree, subject to certain conditions, to purchase all of such Bonds.

The Underwriters have agreed to purchase the Bonds from the Issuer at a price of \$202,698,439.20, which reflects the principal amount of the Bonds of \$187,570,000.00 plus net original issue premium of \$15,993,862.20 less an Underwriters' discount of \$865,423.00.

The initial public offering prices of the Bonds may be changed from time to time by the Underwriters. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing such Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than the initial public offering prices.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the Bonds, has entered into an agreement (the "WFBNA Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFBNA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Piper Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the Bonds. Under the Piper Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

Seattle Northwest Securities Corporation ("SNW") has entered into a distribution agreement with UBS Financial Services Inc. for the retail distribution of certain municipal securities at the original issue prices. Pursuant to this agreement, SNW will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

Citigroup Inc. and Morgan Stanley, the respective parent companies of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated, each an underwriter of the Bonds, have entered into a retail brokerage joint venture. As part of the joint venture each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated will compensate Morgan Stanley Smith Barney LLC. for its selling efforts in connection with their respective allocations of Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Idaho Housing and Finance Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Idaho Housing and Finance Authority.

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ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holder of any of the Bonds.

Copies in reasonable quantity of the Indenture, the Financing Agreement and other documents referenced herein may be obtained during the offering period from the Issuer at 565 Myrtle Street, Boise, Idaho 83702.

The execution and delivery of this Official Statement have been duly authorized by the Issuer and the Department. Concurrently with the delivery of the Bonds, the Issuer and the Department will furnish a certificate executed on behalf of the Issuer and the Department to the effect that this Official Statement, as of the date of this Official Statement and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

IDAHO HOUSING AND FINANCE ASSOCIATION

By: /s/ Gerald M. Hunter
President and Executive Director

IDAHO DEPARTMENT OF LABOR

By: /s/ Roger B. Madsen
Roger B. Madsen, Director

EXHIBIT A

CERTAIN INFORMATION REGARDING IDAHO EMPLOYMENT AND THE UNEMPLOYMENT COMPENSATION PROGRAM

The statistics set forth in this Exhibit A have not been independently verified by the Issuer or the Underwriters and no representation or warranty is made as to the accuracy, completeness, or adequacy of such information by the Issuer or the Underwriters.

There follows in this Exhibit A certain information regarding economic trends and projections, population trends, wage and employment data, unemployment statistics, taxable wage statistics, and historic contribution collections and Employment Security Fund balances. Certain information may require economic analysis in order to assess the import of the facts and statistics presented. Projections contained in this Exhibit A are forward-looking statements and are subject to the general qualifications and limitations described under “INTRODUCTION—Forward-Looking Statements” in the Official Statement. No assurances can be given that actual events will correspond with the assumptions underlying such projections. Future economic events are inherently uncertain, and no set of economic assumptions (including the assumptions used to prepare the projections contained in this Exhibit A) are completely reliable.

Idaho’s Natural Resources

Idaho has a broad base of natural resource wealth ranging from mining and timber resources to agricultural lands, which benefit from a developed series of reservoirs and irrigation systems. More than four million acres are irrigated in the Snake River Basin, placing Idaho fourth in the nation for irrigated acreage.

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

Idaho has substantial water resources. There are 26,000 miles of rivers and streams and more than 2,000 natural lakes. The drop in elevation of rivers like the Snake River allows hydropower productions, affording the State some of the lowest electricity rates in the nation.

Idaho Economy

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 most recent IEF was published for the quarter ending July 2011. It estimates that Idaho nonfarm employment shrank 1.2% in 2010 and forecasts a 1.2% increase in 2011 and a 2.3% rise in 2012.

The General Fund Revenue Book (“GFRB”) is an annual publication prepared by the DFM which provides input into the Governor’s proposed 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 January 2011. The General Fund revenue forecast projects a 4.2% increase in General Fund revenues for Fiscal Year 2011. Fiscal Year 2012 General Fund revenues are projected to increase by 6.9%.

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

Idaho is among the nation's fastest growing states. Since 1990, the population of Idaho has grown 55%, which is the fourth fastest growth rate in the nation over that period of time. The following Table 1 shows Idaho's population trend from 2000 to 2010:

Table 1
State of Idaho
Population Trends

<u>Year</u>	<u>Population</u>
2000	1,299,551
2001	1,321,170
2002	1,342,149
2003	1,364,109
2004	1,391,718
2005	1,425,862
2006	1,464,413
2007	1,499,245
2008	1,527,506
2009	1,545,801
2010	1,567,582

Source: U.S. Census Bureau

The State average annual wage has increased from \$28,911 in 2001 to \$37,429 in 2011, an increase of approximately 30%, as shown in the following Table 2:

Table 2
State of Idaho
Comparison of Idaho and National Average Annual Wage

<u>Calendar Year</u>	<u>Idaho Average Annual Wage</u>	<u>National Average Annual Wage</u>
2001	\$28,911	\$37,565
2002	29,544	38,341
2003	30,286	39,537
2004	31,533	41,283
2005	32,508	42,640
2006	34,382	44,593
2007	35,392	46,673
2008	35,702	47,955
2009	35,927	47,977
2010	36,645	49,289
2011	37,429	50,465

Source: Idaho Economic Forecast, July 2011

The following Table 3 shows the approximate number of nonagricultural employees in the State of Idaho by industry sector for the year 2010. No single industry accounts for more than 18.8% of such total State employment.

Table 3
2010 Idaho Employment By Industry

	<u>Number of Employees</u>	<u>Percentage of Total State Employment</u>
Natural Resources and Mining	3,400	0.5 %
Construction	31,100	4.8 %
Manufacturing	53,000	8.2 %
Trade, Transportation and Utilities	121,000	18.8 %
Information	9,600	1.5 %
Financial Activities	28,800	4.5 %
Professional & Business Services	73,600	11.4 %
Management of Companies and Entrepreneurs	5,800	0.9 %
Administrative, Support, Waste Management	36,400	5.6 %
Educational and Health Services	83,800	13.0 %
Leisure and Hospitality	57,900	9.0 %
Other Services	21,200	3.3 %
Government	<u>118,700</u>	<u>18.4 %</u>
Total	644,300	100.0%

Source: Idaho Department of Labor

The following Table 4 shows the largest private employers in the State:

Table 4
Largest Private Employers

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
St. Luke's Health Systems	Health Services	7,000-8,000
Wal-Mart Associates Inc.	Retail	6,000-7,000
Micron Technology	Manufacturing	5,000-6,000
Albertsons	Retail	4,000-5,000
Battell Energy Alliance LLC	Energy	3,000-4,000
Brigham Young University Idaho	Higher Education	3,000-4,000
J.R. Simplot Company	Food Processor	3,000-4,000
St. Alphonsus Regional Medical Center	Health Care	2,000-3,000
Hewlett-Packard	Manufacturing	2,000-3,000
Fred Meyer-Kroger Cooperative Group	Retail	1,500-2,000

Source: Idaho Department of Labor

The following Table 5 shows Idaho's average annual unemployment rate from 1980 to 2010 and the unemployment rate for June 2011.

Table 5
Idaho Average Annual Unemployment Rate (%)

<u>Year</u>	<u>Unemployment Rate (%)</u>
1980	7.1
1981	7.6
1982	9.0
1983	8.9
1984	7.4
1985	7.8
1986	8.2
1987	7.5
1988	6.1
1989	5.3
1990	5.5
1991	6.0
1992	6.4
1993	6.0
1994	5.4
1995	5.3
1996	5.3
1997	5.1
1998	5.1
1999	4.9
2000	4.7
2001	4.9
2002	5.4
2003	5.2
2004	4.6
2005	3.7
2006	3.0
2007	2.9
2008	4.8
2009	7.7
2010	9.3
2011	9.4*

* Unemployment Rate for June 2011
Source: Idaho Department of Labor

Idaho Employment Taxable Wage Rates and Collections Statistics

The historical Taxable Wage Rates for years 1987 through 2011 are set forth in the following Table 6.

Table 6
Historical Taxable Wage Rates

Year	Standard Tax Rate	Average Tax Rate	Taxable Wage Base	Minimum Tax Rate	Maximum Tax Rate
1987	2.962 %	2.912 %	\$15,600	0.100 %	6.800 %
1988	2.962 %	2.966 %	16,200	0.100 %	6.800 %
1989	2.962 %	2.253 %	16,200	0.100 %	6.800 %
1990	2.160 %	1.785 %	16,800	0.100 %	6.800 %
1991	1.760 %	1.382 %	17,400	0.100 %	6.800 %
1992	1.360 %	1.653 %	18,000	0.100 %	6.800 %
1993	1.760 %	1.723 %	18,600	0.100 %	6.800 %
1994	1.760 %	1.452 %	19,200	0.100 %	6.800 %
1995	1.360 %	1.373 %	20,400	0.100 %	6.800 %
1996	1.360 %	1.663 %	21,000	0.100 %	6.800 %
1997	1.760 %	1.409 %	21,600	0.100 %	6.800 %
1998	1.360 %	1.141 %	21,000	0.100 %	6.800 %
1999	1.190 %	1.120 %	23,000	0.100 %	6.800 %
2000	1.190 %	1.137 %	23,600	0.100 %	6.800 %
2001	1.190 %	1.161 %	24,500	0.100 %	6.800 %
2002	1.190 %	1.121 %	25,700	0.100 %	6.800 %
2003	1.190 %	1.180 %	27,600	0.100 %	6.800 %
2004	1.190 %	1.195 %	27,600	0.100 %	6.800 %
2005	1.500 %	1.344 %	27,600	0.429 %	5.400 %
2006	1.670 %	1.437 %	28,000	0.477 %	5.400 %
2007	1.302 %	1.204 %	29,200	0.372 %	5.400 %
2008	0.918 %	0.841 %	30,200	0.262 %	5.400 %
2009	1.566 %	1.183 %	32,200	0.447 %	5.400 %
2010	3.360 %	2.491 %	33,200	0.960 %	6.800 %
2011	3.360 %	2.742 %	33,300	0.960 %	6.800 %

Source: Idaho Department of Labor

The 2010 Taxable Wage Rates and the percentages of contributions by rate class are set forth in the following Table 7.

Table 7
2010 Taxable Wage Rates and Percentage of Contributions by Rate Class

<u>Tax Year 2010</u>	<u>Rate (%)</u>	<u>Contributions by Rate class (%)</u>
Standard-Rated	3.36	8.9
Rate Class		
1	0.96	3.2
2	1.6	5.6
3	1.92	6.4
4	2.24	7.5
5	2.56	8.6
6	2.88	9.5
7	3.2	23.9
-1	4.8	7.1
-2	5.2	5
-3	5.6	3.7
-4	6	4.1
-5	6.4	4.6
-6	6.8	1.9

Source: Idaho Department of Labor

The 2011 Taxable Wage Rates by employer type and class are set forth in the following Table 8.

Table 8
2011 Taxable Wage Rates

Standard-Rated Employers:

<u>Tax Factor</u>	<u>Minimum Tax Rate</u>	<u>Maximum Tax Rate</u>	<u>2011 Tax Rates</u>
1.00	1.00%	3.36%	3.36%

Eligible Employers:

<u>Rate Class</u>	<u>Ratio</u>	<u>Tax Factor</u>	<u>Minimum Tax Rate</u>	<u>Maximum Tax Rate</u>	<u>2011 Tax Rates</u>
1	12.3000 & Above	0.2857	0.18%	0.96%	0.96%
2	10.5716 – 12.2999	0.4762	0.30%	1.60%	1.60%
3	9.1692 – 10.5715	0.5714	0.36%	1.92%	1.92%
4	8.0839 – 9.1691	0.6667	0.42%	2.24%	2.24%
5	6.8952 – 8.0838	0.7619	0.48%	2.56%	2.56%
6	5.3324 – 6.8951	0.8571	0.54%	2.88%	2.88%
7	0.0001 – 5.3323	0.9524	0.60%	3.20%	3.20%

Deficit Employers:

<u>Rate Class</u>	<u>Ratio</u>	<u>Tax Factor</u>	<u>Minimum Tax Rate</u>	<u>Maximum Tax Rate</u>	<u>2011 Tax Rates</u>
-1	0.0001 – 3.2003	1.7143	1.08%	4.80%	4.80%
-2	3.2004 – 6.7153	1.9048	1.20%	5.20%	5.20%
-3	6.7154 – 12.1822	2.0952	1.32%	5.60%	5.60%
-4	12.1823 – 21.5652	2.2857	1.44%	6.00%	6.00%
-5	21.5653 – 72.1747	2.6670	1.68%	6.40%	6.40%
-6	72.1748 & Above	2.6670	5.40%	6.80%	6.80%

Source: Idaho Department of Labor

Note: Due to the recent insolvency of the Employment Security Fund, 2011 Tax Rates are at Maximum Levels

The following Table 9 shows the historical Employment Security Fund collections and corresponding taxable wage rates from 2005 to the second quarter of 2011.

Table 9
Historical Employment Security Fund Collections and Tax Rates (in millions)

<u>Year / Quarter</u>	<u>Tax Rate</u>	<u>Tax Revenues</u>	<u>Interest Earnings</u>	<u>Total Income</u>	<u>Benefits</u>	<u>Net Revenues</u>	<u>ESF Balance</u>
2005.1	1.500%	\$23		\$23	\$47	(\$24)	\$58
2005.2		41		41	27	14	71
2005.3		39		39	18	21	92
2005.4		35		35	22	13	106
2006.1	1.670%	26		26	41	(15)	90
2006.2		42		42	20	22	112
2006.3		41		41	14	27	139
2006.4		35		35	21	14	153
2007.1	1.302%	26	\$2.0	28	45	(17)	134
2007.2		41	2.1	43	24	20	152
2007.3		38	2.3	41	19	21	171
2007.4		33	2.5	36	30	6	174
2008.1	0.918%	25	2.2	27	67	(41)	132
2008.2		29	1.8	31	44	(13)	116
2008.3		26	1.6	28	35	(7)	108
2008.4		23	1.4	25	64	(40)	67
2009.1	1.566%	16	0.5	16	132	(116)	(9)
2009.2		42	0.2	42	107	(64)	(7)
2009.3		39		39	69	(30)	(1)
2009.4		34		34	75	(41)	(4)
2010.1	3.360%	26		26	103	(77)	(1)
2010.2		89		89	68	21	41
2010.3		85		85	45	40	81
2010.4		73		73	51	22	103
2011.1	3.360%	56		56	82	(26)	80
2011.2		55		55	49	6	86

Source: Idaho Department of Labor

EXHIBIT B

CERTAIN PROVISIONS OF THE IDAHO EMPLOYMENT SECURITY LAW

The following is a summary of certain relevant provisions of the State Employment Security Law (the "State ES Law"). This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the statutes, rules, and regulations governing the State ES Law, including, but not limited to, Title 72 of the Idaho Code, as amended.

Taxable Wage Base and Taxable Wage Rates

Prior to December 31 of each year, the Director shall determine the taxable wage rates for the following calendar year for all covered employers, except cost reimbursement employers.

An average high cost ratio is determined by calculating the average of the three (3) highest benefit cost rates in the twenty (20) year period ending with the preceding year. The term benefit cost rate for purpose of the State ES Law means the total annual benefits paid, including the State's share of extended benefits but excluding the federal share of extended benefits and cost reimbursable benefits, divided by the total annual covered wages excluding cost reimbursable wages. The resulting average high cost ratio is multiplied by the desired fund size multiplier and the result is referred to as the "average high cost multiple" ("AHCM"). The desired fund size multiplier is eight tenths (0.8) and will increase to nine tenths (0.9) on and after January 1, 2012; to one (1) on and after January 1, 2013; to one and one-tenth (1.1) on and after January 1, 2014; to one and two-tenths (1.2) on and after January 1, 2015; to one and three-tenths (1.3) on and after January 1, 2016; to one and four-tenths (1.4) on and after January 1, 2017; and to one and five-tenths (1.5) on and after January 1, 2018.

The fund balance ratio is determined by dividing the actual balance of the Employment Security Fund and the Employment Security Reserve Fund on September 30 of the current calendar year by the wages paid by all covered employers in Idaho, except cost reimbursement employers, in the preceding calendar year.

The base tax rate is determined as follows:

- (a) Divide the fund balance ratio by the AHCM;
- (b) Subtract the quotient obtained from the calculation in paragraph (a) from the number two (2);
- (c) Multiply the remainder obtained from the calculation in paragraph (b) of this section by two and one-tenth percent (2.1%). The product obtained from this calculation shall equal the base tax rate, provided however, that the base tax rate shall not be less than sixty-three hundredths percent (0.63%) and shall not exceed three and thirty-six hundredths percent (3.36%).

The base tax rate is used to determine the taxable wage rate effective the following calendar year for all covered employers except cost reimbursement employers as described below.

The following tables show the Rate Classes, Tax Factors and Minimum and Maximum Taxable Wage Rates used to determine the taxable wage rate and contribution rate of employers as further described below.

Rate Classes, Tax Factors and Minimum and Maximum Taxable Wage Rates

Rate Class	Cumulative Taxable Payroll Limits		Tax Factor	Eligible Employers	
	More Than (% of Taxable Payroll)	Equal to or Less Than (% of Taxable Payroll)		Minimum Taxable Wage Rate	Maximum Taxable Wage Rate
1	--	12	0.2857	0.180%	0.960%
2	12	24	0.4762	0.300%	1.600%
3	24	36	0.5714	0.360%	1.920%
4	36	48	0.6667	0.420%	2.240%
5	48	60	0.7619	0.480%	2.560%
6	60	72	0.8571	0.540%	2.880%
7	72	--	0.9524	0.600%	3.200%

Rate Class	Cumulative Taxable Payroll Limits		Tax Factor	Deficit Employers	
	More Than (% of Taxable Payroll)	Equal to or Less Than (% of Taxable Payroll)		Minimum Taxable Wage Rate	Maximum Taxable Wage Rate
-1	--	30	1.7143	1.080%	4.800%
-2	30	50	1.9048	1.200%	5.200%
-3	50	65	2.0952	1.320%	5.600%
-4	65	80	2.2857	1.440%	6.000%
-5	80	95	2.6667	1.680%	6.400%
-6	95	--	2.6667	5.400%	6.800%

Standard-Rated Employers		
<u>Tax Factor</u>	<u>Minimum Taxable Wage Rate</u>	<u>Maximum Taxable Wage Rate</u>
1.000	1.000%	3.360%

Each covered employer, except cost reimbursement employers, will be assigned a taxable wage rate and a contribution rate as follows:

(a) Each employer, except standard-rated employers, will be assigned to one of the rate classes for eligible and deficit employers set forth in the preceding charts based upon the employer's experience as determined under the provisions of sections 72-1319, 72-1319A, 72-1351 and 72-1351A, Idaho Code.

(b) For each rate class, the Department will multiply the base tax rate determined in accordance with the formula set forth above by the tax factor listed for that rate class in the tables set forth above. The product obtained from this calculation shall be the taxable wage rate for employers assigned to that rate class, provided however, that the taxable wage rate shall not be less than the minimum taxable wage rate assigned to that rate class and shall not exceed the maximum taxable wage rate assigned to that rate class in the tables above.

(c) For standard-rated employers, the Department will multiply the base tax rate determined in accordance with the formula set forth above by the tax factor listed for standard-rated employers in the tables set forth above. The product obtained from this calculation shall be the taxable wage rate for

standard-rated employers, provided however, that the taxable wage rate shall not be less than the minimum taxable wage rate assigned to standard-rated employers and shall not exceed the maximum taxable wage rate assigned to standard-rated employers in the tables set forth above.

(d) Deficit employers who have been assigned a taxable wage rate from deficit rate class six will be assigned contribution rates equal to their taxable wage rate.

(e) All other eligible, standard-rated and deficit employers will be assigned contribution rates equal to ninety-seven percent (97%) of their taxable wage rate. Provided however, that for each calendar year a reserve tax is imposed pursuant to section 72-1347A, Idaho Code, the contribution rates for employers assigned contribution rates pursuant to this paragraph shall be eighty percent (80%) of their taxable wage rate.

Each employer is notified of its taxable wage rate as determined for any calendar year. Such determination becomes conclusive and binding upon the employer, unless within fourteen (14) days after delivery or mailing of the notice thereof to its last known address, the employer files an application for redetermination, setting forth its reasons therefor. Reconsideration is limited to transactions occurring subsequent to any previous determination which has become final. The employer will be promptly notified of the redetermination, which will become final unless an appeal is filed within fourteen (14) days after delivery or mailing of notice to its last known address.

Period, termination, and election of employer coverage

Except as otherwise described below, any employer who is or becomes a covered employer within any calendar year shall be deemed to be a covered employer until his coverage is terminated.

The coverage of any covered employer may be terminated if:

(a) As of the close of any calendar quarter, it is found that such covered employer had no individuals performing services for it in covered employment, and that the continued operation of its trade, profession, or business is not likely to result in its having a quarterly payroll of one thousand five hundred dollars (\$1,500) or more within the ensuing two (2) calendar quarters; or

(b) As of the close of a calendar year, it is found that such covered employer did not pay or become liable to pay for services rendered to it in covered employment wages amounting to one thousand five hundred dollars (\$1,500) or more in any calendar quarter of such year, and that the continued operation of its trade, profession, or business is not likely to create covered employment as defined in section 72-1316, Idaho Code, within the ensuing calendar year.

(c) Notwithstanding the provisions in paragraphs (a) or (b) above, the coverage of an employer may not be terminated if he is or was subject under the provisions of the federal unemployment tax act during the current or preceding calendar year.

Any employer for whom services are performed in the State which do not constitute covered employment, may file with the Director a written request that all such services shall be deemed to constitute covered employment. Upon approval by the Director, such services shall be deemed to constitute covered employment from the date stated in such approval for not less than two (2) calendar years. Such services shall cease to be covered employment as of January 1 of any calendar year subsequent to such two (2) calendar years, if not later than January 31 of such year either such employer has filed with the Director a written notice of termination, or the Director on his own motion, has given notice of termination of such coverage.

Benefits payable to the employees thus covered will be payable on the same basis and conditions that apply to all other covered employees.

Benefit formula

To be eligible an individual must have the minimum qualifying amount of wages in covered employment in at least one (1) calendar quarter of his base period, and have total base period wages of at least one and one-quarter (1 1/4) times his or her high quarter wages. The minimum qualifying amount of wages are determined each January 1 and shall equal fifty percent (50%) of the product of the state minimum wage, as defined by section 44-1502, Idaho Code, multiplied by five hundred twenty (520) hours, rounded to the lowest multiple of twenty-six (26).

The weekly benefit amount is one twenty-sixth (1/26) of highest quarter wages except that it shall not exceed the applicable maximum weekly benefit amount. The maximum weekly benefit amount shall be established as follows:

For calendar year 2006 and the calendar years thereafter, prior to December 31 of each year, the Director shall determine the state average weekly wage paid by covered employers for the preceding calendar year and the maximum weekly benefit amount to be effective for new claims filed in the first full week of the following January and filed thereafter until a new maximum weekly benefit amount becomes effective the State ES Law. The maximum weekly benefit amount is determined based on the following table, using a percentage of the State average weekly wage paid by covered employers for the preceding calendar year and the base tax rate that has been calculated for the following calendar year pursuant to section 72-1350, Idaho Code:

Maximum Weekly Benefit Amount Index		
<u>Base Tax Rate At Least</u>	<u>Less Than</u>	<u>Average Weekly Wage Percentage</u>
0.630%	0.840%	60%
0.840%	1.155%	59%
1.155%	1.470%	58%
1.470%	1.785%	57%
1.785%	2.100%	56%
2.100%	2.415%	55%
2.415%	2.730%	54%
2.730%	3.045%	53%
3.045%	3.360%	52%

Any eligible individual shall be entitled during any benefit year to a total amount of benefits equal to his or her weekly benefit amount times the number of full weeks of benefit entitlement appearing in the following table based on his or her ratio of total base period earnings to highest quarter base period earnings.

<u>Ratio of Total Base Period Earnings to Highest Quarter Earnings</u>		<u>Full Weeks of Benefit Entitlement</u>
At Least	Up To	
1.25	1.60	10
1.6001	1.80	11
1.8001	1.92	12
1.9201	2.01	13
2.0101	2.08	14
2.0801	2.14	15
2.1401	2.21	16
2.2101	2.29	17
2.2901	2.38	18
2.3801	2.49	19
2.4901	2.61	20
2.6101	2.75	21
2.7501	2.91	22
2.9101	3.10	23
3.1001	3.32	24
3.3201	3.56	25
3.5601	4.00	26

If the total wages payable to an individual for less than full-time work performed in a week claimed exceed one-half (1/2) of his or her weekly benefit amount, the amount of wages that exceed one-half (1/2) of the weekly benefit amount shall be deducted from the benefits payable to the claimant. Severance pay shall be deemed wages, even if the claimant was required to sign a release of claims as a condition of receiving the pay from the employer. "Severance pay" means a payment or payments made to a claimant by an employer as a result of the severance of the employment relationship.

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EXHIBIT C

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL

Upon issuing of the Bonds, Ballard Spahr LLP and Skinner Fawcett LLP, propose to issue an opinion in substantially the following form:

We have acted as bond counsel to the Idaho Housing and Finance Association (the “Issuer”) in connection with the issuance by the Issuer of \$187,570,000 aggregate principal amount of Idaho Housing and Finance Association Unemployment Compensation Revenue Bonds, Series 2011 (the “Bonds”). The Bonds are issued pursuant to the provisions of Title 67, Chapter 62 of the Idaho Code, as amended and are secured by a Trust Indenture dated as of August 1, 2011 between the Issuer and Zions First National Bank, as trustee (the “Trustee”) (the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

We have reviewed the Indenture, the Tax Certificate, opinions of counsel to the Issuer and the Department, certificates of the Issuer, the Department, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. We have examined the Tax Certificate of the Issuer and the Idaho Department of Labor (the “Department”), dated the date hereof (the “Tax Certificate”), in which the Issuer and the Department have made representations, statements of intention and reasonable expectation, certifications of fact and covenants relating to the federal tax status of interest on the Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Bonds and the investment of certain funds. The Tax Certificate obligates the Issuer and the Department to take certain actions necessary to cause interest on the Bonds to be excludable from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained. In rendering the opinion in paragraph 4 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Tax Certificate, and (ii) compliance by the Issuer and the Department with procedures and covenants set forth in the Tax Certificate as to such tax matters.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as original or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred herein. Furthermore, we have assumed compliance with the covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure the future actions, omissions or events will not

cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against the State of Idaho. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Issuer is a public body, corporate and politic, validly existing under the laws of the State of Idaho, and has lawful authority to issue the Bonds.

2. The Indenture has been duly executed and delivered by, and is a valid and binding obligation of, the Issuer. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. Except as set forth in the Indenture, Bonds issued under the Indenture are equally and ratably secured by the pledges and covenants contained therein.

3. The Bonds constitute valid and binding limited obligations of the Issuer, payable solely from the Pledged Receipts and other assets pledged therefor under the Indenture. The Bonds do not constitute a debt or liability of the State of Idaho or any political subdivision thereof.

4. Based on the existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain certifications and compliance with certain covenants by the Issuer and the Department, interest on the Bonds is excludable from gross income for federal income tax purposes. Interest on the Bonds is not a specific preference item for purposes of federal individual or corporate alternative minimum taxes but such interest is included in adjusted current earnings in computing the federal alternative minimum taxes imposed on certain corporations.

5. Under the laws of the State of Idaho as enacted and construed on the date hereof, interest on the Bonds is exempt from State of Idaho income taxes.

Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes and that interest on the Bonds is exempt from State of Idaho income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status or the Bondholder's other items of income or deduction. We express no opinion regarding any such other tax consequences.

Very truly yours,

BALLARD SPAHR LLP

and

SKINNER FAWCETT LLP

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EXHIBIT D

DEFINITIONS; SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary only of certain provisions of the Trust Indenture (the “Indenture”) between the Issuer and the Trustee and reference should be made to the specific document, a copy of which will be on file in the corporate trust office of the Trustee, for a complete recital of the terms thereof.

Definitions

Set forth below are the definitions of some of the terms used in this Official Statement, the Indenture and the Financing Agreement. Reference is made to the Indenture and the Financing Agreement for a complete recital of the terms defined therein.

“Act” shall mean Title 67, Chapter 62, Idaho Code, as amended, and Idaho Code, Title 72, Section 1346B, as amended.

“Authorized Denominations” shall mean \$5,000 and integral multiples thereof.

“Authorized Officer” shall mean, as to the Issuer, the Chairman, Vice Chairman, Secretary-Treasurer, President and Executive Director, Senior Vice President, Treasurer or Assistant Secretary-Treasurer of the Issuer, or any other officer or employee of the Issuer authorized to perform the particular acts or duties by resolution duly adopted by the Issuer.

“Bonds” shall mean the Idaho Housing and Finance Association Unemployment Compensation Revenue Bonds, Series 2011 which are authorized by the Indenture.

“Bond Interest Account” means the bond interest payment account within the Employment Security Reserve Fund established by Section 72-1346B, Idaho Code, as amended.

“Bond Principal Account” means the bond principal payment account within the Employment Security Reserve Fund established by Section 72-1346B, Idaho Code, as amended.

“Business Day” shall mean any day other than (i) a day on which the Trustee or the Paying Agent is required, or is authorized or not prohibited, by law (including executive orders) to close and is closed and (ii) a day on which the New York Stock Exchange is closed.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

“Costs of Issuance” shall mean only the costs of issuing Bonds as designated by the Issuer; including, but not being limited to, the fees and charges of the financial advisors or Underwriters, bond counsel, disclosure counsel, issuer counsel, underwriter’s counsel, Trustee, Trustee’s counsel, rating agencies, bond and official statement printers and such other fees and expenses normally attendant to an issue of the Bonds.

“Counsel” or “Counsel’s Opinion” shall mean an opinion signed by such attorney or firm of attorneys of recognized national standing in the field of law relating to municipal bonds and municipal finance as may be selected by the Issuer.

“Department” shall mean the Idaho Department of Labor, an executive department of the State of Idaho.

“Department of Labor Project” means the issuance of Bonds for the repayment of federal advances under Title XII of the Social Security Act, 42 U.S.C. Section 1321 et seq., as recommended to the Issuer by the Director of the Department pursuant to the Act.

“Eligible Investments” shall mean and include any of the following which at the time are legal investments for fiduciaries under the laws of the State for moneys held under the Indenture which are then proposed to be invested therein:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation certificates
6. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”)
Participation Certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or “Fannie Mae”)
Mortgage-backed securities and senior debt obligations
4. Farm Credit System
Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAA-m or AA-m and if rated by Moody’s rated Aaa, Aal or Aa2 and if rated by Fitch rated AAmmf or AA-mmf.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits of issuing banks or financial institutions having capital and surplus of at least \$15,000,000 which are fully insured by FDIC, including BIF and SAIF.

G. Investment agreements with any commercial bank or trust company, bank holding company, investment company or other entity (which may include the Trustee, the Bond Registrar or the Paying Agent), whose credit rating (or the equivalent of such rating by virtue of guarantees or insurance arrangements) by each Rating Service then rating the Bonds is sufficiently high to maintain the then current rating on the Bonds by each such Rating Service or is otherwise acceptable to each such Rating Service which Investment Provider shall be approved by the Issuer for the purpose of providing investment agreements.

H. Commercial paper rated, at the time of purchase, “Prime - 1” by Moody’s and “A-1+” or better by S&P and “F-1” or better by Fitch.

I. Bonds or notes issued by any state or municipality which are rated by Moody’s, S&P or Fitch in one of the two highest rating categories assigned by any two of such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime - 1” or “A3” or better by Moody’s and “A-1” or “A-” or better by S&P and “F-1” or “A-” or better by Fitch.

“Financing Agreement” shall mean the Financing Agreement, dated as of August 1, 2011 between the Issuer and the Department, and any amendments or supplements thereto.

“Fitch” shall mean Fitch Ratings.

“Holder”, or “Owner”, or any similar term (when used with reference to any Bonds), shall mean the person in whose name a Bond is registered.

“Interest Payment Date” shall mean each February 15 and August 15, commencing February 15, 2012.

“Indenture” shall mean the Trust Indenture, dated as of August 1, 2011, and entered into between the Issuer and the Trustee, as amended or supplemented from time to time.

“Law” means House Bill No. 108, as adopted by the Sixty-first Idaho Legislature First Regular Session – 2011.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Outstanding” when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or then being authenticated and delivered except:

(a) Bonds cancelled upon surrender, exchange or transfer or cancelled because of payment or redemption at or prior to such date;

(b) Bonds which are deemed to have been paid pursuant to the provisions of the Indenture; and

(c) Bonds in lieu of which others have been authenticated under the Indenture.

“Paying Agent” shall mean any bank or trust company so designated, and its successor or successors hereafter appointed, as paying agent for the Bonds in the manner provided in the Indenture.

“Pledged Receipts” shall mean all funds continuously appropriated and paid to the Trustee in accordance with the Law and the Financing Agreement from moneys, securities and investments held from time to time in the Bond Principal Account and the Bond Interest Account within the employment security reserve fund established in the State of Idaho Treasury, together with all other moneys, securities and investments which constitute part of the Trust Estate.

“Rating Service” shall mean Moody’s, if Moody’s is then rating the Bonds, S&P, if S&P is then rating the Bonds, and Fitch, if Fitch is then rating the Bonds, and their respective successors and assigns.

“Record Date” shall mean, the first day of the month preceding the date on which a payment of interest or an installment of principal is due on the Bonds.

“Registrar” shall mean the registrar maintaining the registration books for the Bonds and unless otherwise provided shall mean the Trustee.

“Resolution” shall mean the resolutions of the Issuer adopted on May 24, 2011 and August 18, 2011 authorizing the issuance of Bonds and the execution and delivery of the Indenture.

“S&P” shall mean Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“State” shall mean the State of Idaho.

“State Fiscal Year” shall mean the fiscal year of the State, currently July 1 through June 30 of the following year.

“Trust Estate” shall mean the trust estate created by the Indenture and by the pledges specifically set forth in the Indenture.

“Trustee” shall mean the Trustee appointed pursuant to the provisions of the Indenture, and its successor or successors, and any other corporation which may at any time be substituted in its place pursuant to the Indenture.

“Underwriters” shall mean a syndicate of banking firms represented by Goldman Sachs & Co.

The Indenture

Establishment of Funds. The Issuer under the terms of the Indenture establishes (i) the Cost of Issuance Fund; (ii) the Revenue Fund; (iii) the Project Fund; (iv) the Fee Payment and Administration Fund; and (v) the Rebate Fund. The Issuer may also cause to be created from time to time other Funds and Accounts in order to accomplish the purposes of the Act and the Indenture and which are not inconsistent with the requirements of the Indenture.

Each of the above Funds, in addition to other Funds and Accounts from time to time established, will be held and maintained by the Trustee pursuant to the provisions of the Indenture.

Cost of Issuance Fund. The Trustee will from time to time pay out, or permit the withdrawal of, moneys from the Cost of Issuance Fund, free and clear of any lien or pledge or assignment in trust created by the Indenture, for the purpose of paying any Costs of Issuance, upon receipt by the Trustee of a written requisition of the Issuer signed by an Authorized Officer of the Issuer stating with respect to each payment to be made, the Costs of Issuance to be so paid.

If any moneys remain in the Cost of Issuance Fund on the date which is four months from the date of issuance of the Bonds, the Trustee will transfer such amounts to the Principal Account of the Revenue Fund.

Revenue Fund and Flow of Funds.

(i) There shall be deposited in the Interest Account of the Revenue Fund, all sums, if any, received from the purchasers of the Bonds representing accrued interest. Such funds held from time to time in the Revenue Fund shall be treated, invested, transferred and applied in accordance with the provisions of the Indenture.

(ii) The Department has agreed in the Financing Agreement that debt service payments on the Bonds, trustee fees and the Issuer’s Annual Monitoring Fee will be made from moneys continuously appropriated in accordance with Section 72-1346B(2)(b), Idaho Code in such amounts and as certified by the Issuer, with principal payment on the Bonds continuously appropriated from the Bond Principal Account in the Employment Security Reserve Fund and the interest on the Bonds, trustee fees and the Issuer’s Annual Monitoring Fees continuously appropriated from the Bond Interest Account in the Employment Security Reserve Fund. The Department has agreed in the Financing Agreement to arrange for such payments, including such scheduled debt service payments, to be remitted to the Trustee at least three (3) Business Days prior to the scheduled debt service payment date on the Bonds or the due date of such fees.

(iii) The Trustee shall, upon receipt, deposit all payments into the General Account of the Revenue Fund. On the 5th Business Day prior to each Interest Payment Date, the Trustee shall deliver a written certification to the Issuer, the State Controller, the State Treasurer and the Department specifying the total amounts necessary to pay the scheduled debt service on the Bonds (specifying principal and interest separately), the Trustee Fees and the Issuer's Annual Monitoring Fee due on the next succeeding Interest Payment Date. The Trustee shall on the Business Day prior to each Interest Payment Date transfer all moneys in the General Account of the Revenue Fund in the following order of priority and as follows:

(1) Into the Interest Account, an amount equal to the interest becoming due on Bonds on the next succeeding Interest Payment Date;

(2) Into the Principal Account, an amount equal to the principal amount of Bonds becoming due on the next succeeding Interest Payment Date;

(3) Upon written direction of the Issuer, into the Rebate Fund, an amount equal to the Rebate Amount;

(4) Into the Fee Payment and Administration Fund, an amount equal to (i) Trustee Fees and Issuer Annual Monitoring Fees then due or to become due on such interest payment date, (ii) any expenses of the Issuer or the Trustee then due or to become due on such Interest Payment Date, and (iii) any amounts due or to become due on such Interest Payment Date to other fiduciaries under the Indenture, and

(5) Amounts remaining shall be retained in the General Account or transferred as otherwise set forth in the Indenture.

(iv) Moneys in the Accounts of the Interest Account and the Principal Account of the Revenue Fund shall be used as follows:

(1) Amounts in the Interest Account shall be used to pay interest on the Bonds; and

(2) Amounts in the Principal Account shall be used to pay principal on the Bonds.

(v) Subject to the priority of payments as set forth above, the Trustee shall transmit to any Paying Agent, as appropriate, from moneys in the Interest Account and the Principal Account of the Revenue Fund, amounts sufficient to make timely payments of principal and interest on and premium, if any, on the Bonds to be made by such Paying Agent and then due and payable.

Project Fund. The Trustee is authorized and directed to make disbursements from the Project Fund in accordance with and as required by the provisions of written requisitions filed from time to time by an Authorized Officer of the Department and approved by an Authorized Officer of the Issuer and in accordance with the provisions of the Financing Agreement. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom. All of the income derived from investment of each account of the Project Fund shall, at the option of the Department, be transferred as received to the Rebate Fund based on written instructions from the Issuer to the Trustee, be retained in the Project Fund or be transferred to the General Account of the Revenue Fund and held in such account and used for the purposes thereof. If any moneys remain in an account of the Project Fund

after an Authorized Officer of the Department certifies that the Department of Labor Project has been completed, such amounts shall be transferred to the Principal Account of the Revenue Fund.

Rebate Fund. If the Bonds are determined to be subject to the “rebate” requirements in favor of the United States of America imposed by the Code, there will be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture. Subject to the transfer provisions provided in the Indenture, all money at any time deposited in the Rebate Fund will be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount, for payment to the federal government of the United States of America, and neither the Issuer, the Department nor the owner of any Bonds will have any rights in or claim to such money.

Investment of Funds. The Indenture requires amounts on deposit in any Fund or Account to be invested in Eligible Investments at the direction of the Issuer. The Trustee may make any and all investments permitted by the provisions of the Indenture through its own or any of its affiliates investment department. The Trustee shall sell at the best price reasonably obtainable, or present for redemption or exchange, any Eligible Investments purchased by it as an investment pursuant to the Indenture whenever it will be necessary in order to provide moneys to meet any payment or transfer from the Fund or Account from which such investment was made. Except as otherwise provided in the Indenture, earnings on investments from amounts in any Fund or Account shall be deposited in the General Account of the Revenue Fund.

Powers as to Bond and Pledge. Under the Indenture, the Issuer is authorized to issue the Bonds and execute and deliver the Indenture and pledge the revenues and assets pledged by the Indenture in the manner and to the extent provided in the Indenture. The revenues and assets pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Indenture, and all official action on the part of the Issuer to that end has been or will be duly and validly taken. The Bonds and the provisions of the Indenture are and will be the valid and legally enforceable obligations of the Issuer in accordance with their terms and the terms of the Indenture. The Issuer is required to at all times, to the extent permitted by law, defend, preserve and protect the pledge of the incomes, revenues and assets pledged under the Indenture and all the rights of the Holders under the Indenture against all claims and demands therefor of all persons whomsoever.

Covenant to Enforce the Financing Agreement. So long as any of the Bonds are Outstanding and unpaid as to either principal or interest, the Issuer will continuously enforce the Financing Agreement to the maximum extent permitted by law, and will not consent to any modification of the Financing Agreement which would in any particular way impair the security created for the holders of the Bonds.

Tax Covenant. The Issuer is required to do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds will, for the purposes of federal income taxation, be excludable from gross income of the owners thereof.

Supplemental Trust Indentures Effective Without Consent of Holders. The Indenture prescribes procedures whereby the Issuer may, with the written consent of the Trustee, execute and deliver at any time from time to time Supplemental Trust Indentures for any one or more of the following purposes: to further secure the payment of the Bonds; to surrender any right, power or privilege reserved to or conferred upon the Issuer by the terms of the Indenture; to confirm any pledge under and the subjection to any lien, claim or pledge created or to be created by the provisions of the Indenture; to cure any ambiguity or defect or inconsistent provision; or for any other purpose provided that, in the opinion of Counsel, any such amendment or modification does not materially adversely affect the rights of Holders affected thereby.

A supplemental indenture for the purposes described above becomes effective upon the execution thereof by the Issuer and the Trustee and delivery thereof to the Trustee.

Supplemental Trust Indentures Effective with Consent of Holders. The Indenture may also be modified or amended at any time or from time to time by a supplemental indenture, subject to the written consent of the Holders in accordance with and subject to the provisions of the Indenture.

Supplemental Trust Indentures Effective with Counsel's Opinion. A copy of every supplemental indenture adopted by the Issuer when filed with the Trustee is required to be accompanied by a Counsel's Opinion stating that such supplemental indenture has been duly and lawfully adopted in accordance with the provisions of the Indenture, is authorized or permitted by the Indenture and is valid and binding upon the Issuer and enforceable in accordance with its terms.

Limitations on Powers of Amendment. Any modification or amendment of the Indenture and of the rights and obligations of the Issuer and of the Holders of the Bonds pursuant to may be made by a supplemental indenture, with the written consent given by the Holders of at least a majority in principal amount of the Bonds Outstanding affected by such amendment at the time such consent is given. No modification or amendment may permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Holder of such Bonds, or reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

The Trustee may receive a Counsel's Opinion, as conclusive evidence as to whether Bonds of any particular maturity would be so affected by any such modification or amendment of the Indenture and any such opinion shall be binding and conclusive on the Issuer and all Holders of Bonds. The Trustee may also receive a confirmation from each Rating Agency rating the Bonds Outstanding that the then existing ratings on the Bonds Outstanding will not be affected by a proposed modification or amendment of the Indenture, as conclusive evidence as to whether Bonds of any particular maturity would be so affected by such modification or amendment.

Consent of Holders. A copy of a supplemental indenture requiring consent of the Holders, or summary thereof, together with a request to the Holders for their consent thereto will promptly after adoption be mailed by the Issuer to the Holders (but failure to mail such copy and request shall not affect the validity of the supplemental indenture when consented to as provided in the Indenture). Such supplemental indenture will not be effective unless and until (a) there shall have been filed with the Trustee (i) the written consents of the proper percentage of Holders of Outstanding Bonds and (ii) a Counsel's Opinion, and (b) notice thereof must have been mailed to all Holders. Any such consent will be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee described in the Indenture is filed, such revocation.

At any time after the written statement of the Trustee is filed with the Issuer, notice, stating in substance that the supplemental indenture (which may be referred to as a supplemental indenture adopted by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as described in this paragraph, is required to be given to the Holders by the Issuer by mailing such notice to the Holders. A transcript, consisting of the papers described in this paragraph to be filed with the Trustee, will be proof of the

matters therein stated. Such supplemental indenture making such amendment or modification will be deemed conclusively binding upon the Issuer, the Fiduciaries and the Holders of all Bonds.

Events of Default. Each of the following events shall constitute an “Event of Default”:

(1) payment of any principal on any Bond is not made when and as the same becomes due or otherwise; or

(2) Payment of any installment of interest on any Bond is not made when and as the same becomes due; or

(3) the Issuer fails or refuses to comply with the provisions of the Act, or defaults in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Indenture or the Bonds and such failure, refusal or default shall continue for a period of thirty (30) days after written notice thereof by the Trustee or the Holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds; or

(4) the Issuer shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

No Acceleration. The obligations of the Issuer for payment of principal of, or interest on, the Bonds are not subject to acceleration prior to maturity.

Other Remedies. Upon the occurrence of an Event of Default specified in paragraphs (1), (2) or (4) under “Events of Default” herein, the Trustee is required to proceed, or upon the happening and continuance of an Event of Default specified in paragraph (3) under “Events of Default” herein, the Trustee may proceed, and upon the written request of the Holders of not less than twenty-five percent (25%) of the Outstanding Bonds is required to proceed, in its own name, subject to the provisions described in this paragraph, to protect and enforce its rights and the rights of the Holders by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted therein or in the Act or for the enforcement of any legal or equitable rights or remedies as the Trustee, being advised by its counsel, will deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture.

In the enforcement of any rights and remedies under the Indenture, the Trustee will be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Issuer for principal, interest or otherwise, under any provision of the Indenture or of the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders, and to recover and enforce a judgment or decree against the Issuer, but solely as provided in the Indenture and in the Bonds for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

Priority of Payments After Default. In the event that upon the happening and continuance of any Event of Default, the funds held by the Fiduciaries are insufficient for the payment of principal and interest then due on the Bonds, such funds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity) and any other moneys received or collected by the Trustee acting pursuant to the Act and the Indenture, after making provision for the payment of the

charges and expenses and liabilities incurred and advances made by the Fiduciaries in the performances of their respective duties under the Indenture will be applied as follows:

- (1) All such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order in which installments became due and payable, and, if the amount available shall not be sufficient to pay in full any installments, then to the payment thereof ratably, accordingly to the amounts due on such installments, to the persons entitled thereto, without any discrimination or preference except as to the difference in the respective rates of interest on the Bonds; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full the principal on the Bonds due on any date, together with the interest then to the payment on the interest ratably, according to the amounts of the interest due on such date, and then to payment of such principal, ratably, according to the amount of principal due on such date to the persons entitled thereto without any discrimination or preference except as to the difference in the respective rates of interest on the Bonds.

- (2) Whenever moneys are to be applied by the Trustee as described in the Indenture, such moneys are required to be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit of such moneys with the Fiduciaries, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee, and the Trustee will incur no liability whatsoever to the Issuer, to any Holder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Master Trust Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such moneys, it will fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee is required to give such notice as it may deem appropriate for the fixing of any such date. The Trustee is not required to make payment to the Holder of any unpaid Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Holders of the majority in principal amount of Bonds then Outstanding will have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction (i) which in the opinion of the Trustee would be unjustly prejudicial to Holders not parties to such direction or (ii) there has not been offered to the Trustee reasonable security and indemnity against the cost, expenses (including reasonable legal expenses) and liabilities to be incurred with respect thereto.

Limitation on Rights of Holders. No Holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Indenture, or for the protection or

enforcement of any right under the Indenture or any right unless the Holders of not less than twenty-five percent (25%) of the Bonds then Outstanding have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, have occurred, and have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expenses (including reasonable legal expenses) and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time, it being understood that the Trustee is required to make payments on the Bonds as provided in the Indenture (to the extent funds are available for such purpose) regardless of having received any indemnity or security; and such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy under the Indenture or under law. It is understood and intended that no one or more Holders of the Bonds will have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds or the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit of all Holders. Nothing in the Indenture will affect or impair the right of any Holder to enforce the payment of the principal of and interest on its Bonds, or the obligation of the Issuer to pay the principal of and interest on each Bond issued under the Indenture to the Holder thereof at the time and place stated in said Bond.

Anything in the Indenture to the contrary notwithstanding, each Holder of any Bond by his acceptance thereof will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable cost of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions described in this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding at least twenty-five percent (25%) of the Bonds Outstanding, or to any suit instituted by any Holders for the enforcement of the payment of the principal of, premium, if any, or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Trustee. Prior to the occurrence of an Event of Default, the Trustee is required to perform only those duties specifically set forth in the Indenture. If an Event of Default, of which the Trustee has received notice, has occurred and is continuing, the Trustee is required to exercise its rights and powers and use the same degree of care and skill as a prudent man would exercise under the circumstances in the conduct of his own affairs.

Evidence on Which Fiduciaries May Act. Each Fiduciary will be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, note, or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith. Whenever any Fiduciary will deem necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a certificate signed by an Authorized Officer of the Issuer, and such certificate will be full warrant for any action taken or suffered in good faith under the provisions of the Indenture in which said Fiduciary has accepted said trust upon the faith thereof, but in its discretion

the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable. Except as otherwise expressly provided in the Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of the Indenture by the Issuer to any Fiduciary is required to be sufficiently executed if executed in the name of the Issuer by an Authorized Officer of the Issuer.

Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds, with the same rights it would have if it were not such Fiduciary. Any Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Holders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Indenture, whether or not any such committee is required to represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than sixty (60) days' written notice to the Issuer and by mailing notice (specifying the date such resignation is to take effect) through regular United States mail, postage prepaid, to each Holder of Bonds, and such resignation will take effect upon the day specified in such notice unless (i) no successor has been appointed as provided in the Indenture, or (ii) previously a successor shall have been appointed, as provided in the Indenture, in which event such resignation will take effect immediately on the appointment of such successor. If a successor trustee is not appointed within sixty (60) days, the Trustee will be entitled to petition a court of competent jurisdiction to appoint a successor Trustee.

Removal of Trustee. The Trustee may and, if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Issuer, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Issuer, are required to be removed by the Issuer (so long as no Event of Default has occurred and is continuing) by an instrument or concurrent instruments in writing, filed with the Trustee and the Issuer and signed by the Issuer or the Holders of Bonds, as appropriate. No such removal will be effective until a successor Trustee has been appointed and assumed the duties of Trustee as provided in the Indenture.

Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Trustee. The Issuer is required to provide notice of any such appointment made by it within twenty (20) days after such appointment to Holders of Bonds.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions within forty-five (45) days after the Trustee shall have given to the Issuer written notice, as provided in the Indenture, or after a vacancy in the office of the Trustee shall have occurred by reason of its removal or inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed in succession to the Trustee is required to be a trust company or bank having the powers of a trust company within or outside the State, having a capital and surplus aggregating at least Seventy-Five Million Dollars (\$75,000,000) if there be such a trust company or bank willing and

able to accept the office on reasonable and customary terms and authorized by law to perform all duties imposed upon it by the Indenture.

Defeasance. Bonds or interest installments of Bonds for the payment or redemption of which moneys will have been set aside and are required to be held in trust by Fiduciaries will, at the maturity or date of redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Indenture. The Bonds will, prior to the maturity or redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the Indenture, if (a) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Issuer will have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice of redemption in the manner prescribed in the Indenture, (b) there will have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient, to pay when due the principal and interest due and to become due on the Bonds on or prior to the redemption or maturity date thereof, as the case may be, (c) in the event the Bonds are not subject to redemption within the next 60 days, the Issuer will have given the Trustee in form satisfactory to it irrevocable instructions to notify the Holders of such Bonds of such redemption in the manner herein provided for giving notice of redemption and (d) a Counsel's Opinion that the defeasance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. Neither Defeasance Obligations or moneys deposited with the Trustee as described in this paragraph, nor principal or interest payments on any such obligations, may be withdrawn or used for any purpose other than, and must be held in trust for, the payment of the principal and interest on the Bonds.

Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six (6) years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six (6) years after the date of deposit of such moneys if deposited with the Fiduciary after said date when all of the Bonds became due and payable, will (subject to the provisions of the Indenture), at the written request of the Issuer, be repaid by the Fiduciary to the Issuer, as its absolute property and free from trust, and the Fiduciary will thereupon be released and discharged.

“Defeasance Obligations” means and includes any of the following: Cash; or U.S. Treasury Certificates, Bills, Notes and Bonds (including State and Local Government Series – “SLGs”).

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EXHIBIT E

SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT

The following is a summary only of certain provisions of the Financing Agreement (the “Financing Agreement” or the “Agreement”) between the Issuer and the Department, executed in connection with the Bonds and reference should be made to the specific document, an executed counterpart of which will be on file in the corporate trust office of the Trustee, for a complete recital of the terms of such Agreement.

The Agreement

General Covenants of the Issuer. The Department has notified the Issuer that an issue of Bonds is planned and will make the certifications and requests for bonding authority as provided herein and therefore the Issuer will:

1. Select the service providers including without limitation underwriters, financial advisors, if any, counsel and other participants for the Bond issuance who shall be paid from the proceeds of the issuance of the Bonds.
2. Manage the issuance of the Bonds to provide funds at competitive rates in the bond marketplace and at reasonable times subject to market factors in its discretion.
3. Receive an issuance fee in the amount of \$50,000 (the “Issuance Fee”) payable from the proceeds of the Bonds and an annual monitoring/servicing fee in the amount of 0.02% of the outstanding principal amount of the Bonds (the “Issuer Annual Monitoring Fee”).
4. Provide such certification as required under the Act (Section 72-1346B(2)(b), Idaho Code, as amended) to cause the continuing appropriation of federal funds from the Bond Principal Payment Account and Bond Interest Payment Account in the Employment Security Reserve Fund for payment of the debt service and other costs for the Bonds.
5. Provide periodic reports (on or before October 31 of each year) to the Department.

General Covenants of the Department. The Department has determined that the Bonds need to be issued to provide funds for the Department project to refinance its outstanding federal advances from Title XII of the Social Security Act, Section 1321, et. seq. (the “Prior Federal Obligations”), and therefore the Department will:

1. Provide information to the Issuer as needed for structuring of the Bond issues and as requested for rating agency evaluation and underwriter requirements.
2. Provide a description of its project to refinance the Prior Federal Obligations by issuance of the Bonds.
3. Provide for monitoring of fund availability and transfers of funds for continuing appropriation under the Act.
4. Take all actions necessary to assure receipt of employer taxes and contributions under Title 72, Chapter 13, Idaho Code and to comply with all applicable federal or state laws related thereto.

5. Provide one or more representatives to participate with the Issuer in the structuring and planning for the Bond and cooperate with the Issuer in providing information as need for planning purposes.
6. Participate as needed in rating agency and investor presentations.
7. Provide certifications as required by the Act.
8. Provide reports to the Issuer as needed and any such reports as required under the Act.
9. Supply the requisite reporting needed to comply with the continuing disclosure agreement to be entered into by the Issuer concurrent with the delivery of the Bonds.
10. Not knowingly undertake any action that may jeopardize the federal tax exemption on the Bonds.

The Department, and more specifically the Director of the Department, certifies and represents as follows:

1. The Director approves and recommends to the Issuer, the Idaho Department of Labor project to refinance the Prior Federal Obligations through the issuance of the Bonds pursuant to Section 72-1346B, Idaho Code, as amended.
2. The Director has reviewed the proposed repayment schedule for the Bonds set forth in Exhibit "A" to the Agreement and does hereby certify to the Issuer that sufficient funds are projected to be available to make the payment required for the Bonds.
3. The Director has determined that the issuance of the Bonds for the repayment of federal advances under Title XII of the Social Security Act, 42 U.S.C. section 1321 et. seq. will result in a savings to Idaho and its employers.
4. The U.S. Department of Labor ("USDOL") is aware of the expected issuance of the Bonds and the application of funds for the repayment of the Bonds and the Department is not aware of any objections of USDOL to the issuance of the Bonds or the repayment thereof.
5. The issuance of the Bonds complies with all federal and state laws applicable to the Department with respect to the receipt and payment of unemployment insurance employer contributions and taxes, payments to the USDOL and payment of unemployment issuance benefits to unemployed workers.

Payment of Fees and Costs. It is understood that the Issuance Fee of the Issuer, the costs issuance of the Bonds, including without limitation underwriting fees, counsel fees, initial rating agency fees, initial trustee fees, printing costs for disclosure documents, costs of preparation, filing or recording of any legal instruments or documents shall be paid from the proceeds of the Bonds. The annual trustee fees, Issuer Annual Monitoring Fee, any periodic rating agency fees or other fees shall be paid along with the annual debt service through the continuing appropriation of funds from the Bond Principal Payment Account and the Bond Interest Account in the Employment Security Reserve Fund as provided in Section 72-1346B, Idaho Code.

Payment of Bond Debt Service, etc. The debt service payments, trustee fees and Issuer Annual Monitoring Fee for the Bonds will be made from moneys continuously appropriated in accordance with

Section 72-1346B(2)(b), Idaho Code in such amount and as certified by the Association, with principal payments on the Bonds continuously appropriated from the Bond Principal Account in the Employment Security Reserve Fund and interest on the Bonds, trustee fees and Issuer Annual Monitoring Fees continuously appropriated from the Bond Interest Account in the Employment Security Reserve Fund. The Department will arrange for the said continuously appropriated payments to be transmitted to the Bond trustee from the said Bond Principal Account and Bond Interest Account as applicable at least three (3) business days prior to the scheduled date of debt service or other payment.

Moneys paid out of the said Bond Principal Account for principal payment on the Bonds shall be considered a loan to, and shall be repaid from, the Benefit Account in the Employment Security Fund, Section 72-1346(2), Idaho Code, to the Employment Security Reserve Fund immediately, out of revenue the Department derives from employer contributions payable under sections 72-1349 and 72-1350, Idaho Code and the Director of the Department shall cause such repayment to the Bond Principal Account in the Employment Security Reserve Fund as soon as possible but not later than ninety (90) days before the next principal payment date on the Bonds. The Department agrees that it will take no actions to loan funds from the Employment Security Reserve Fund to the Employment Security Fund if doing so would reduce the amount deposited, and available for deposit, in the Bond Principal Account below the amount needed for the next principal payment on the Bonds.

At any time the balance in the Benefit Account reaches zero (0), the Director of the Department shall immediately requisition funds from Idaho's account in the Federal Unemployment Trust Fund, and if funds therein are not then sufficient to pay unemployment insurance benefits, the Director shall immediately obtain advances from the federal unemployment account in the unemployment trust fund as provided for in Section 72-1346A, Idaho Code.

Issuance Fee and Monitoring Fee of the Association. The Issuance Fee and first Issuer Annual Monitoring Fees of the Association for the Bonds shall be payable upon the issuance of the Bonds and thereafter the subsequent Issuer Annual Monitoring Fee of 0.02% of the outstanding principal amount of the Bonds, shall be payable in advance semiannually on February 15 and August 15 of each year beginning, August 15, 2012 until the Bonds have been paid in full.

Certification of Continuous Appropriation From Bond Principal Account and Bond Interest Account. At closing of the Bonds, and as necessary thereafter, the Association will make the certification to the Department, the Idaho State Controller and the Idaho State Treasurer to cause the transfer of funds to Zions First National Bank, as Trustee for the Bonds as to the times and amounts necessary for payment of debt service and other amounts required for the Bonds, all as provided in Section 72-1346B(2)(b), Idaho Code, as amended.

Term. The Agreement shall remain in full force and effect until such time as no Bonds remain outstanding.

Trustee as Third-Party Beneficiary. The Trustee for the Bonds is designated an intended third-party beneficiary of the Agreement with a recognized and enforceable right to performance of its provisions, subject to such limitations on enforcement as may be set forth in the Bond documents.

Failure of Parties to Perform. If any of the undersigned parties fail to perform or abide by their obligations established herein or in the Bond documents, the Association, Department or the Trustee (subject to the limitations set forth in the Bond documents) may petition a court of competent jurisdiction to issue a mandamus order to such party failing to perform to compel specific performance thereof, or take such other actions as they deem reasonable and necessary to enforce their rights under the Agreement.

Amendments; Supplements; Termination; Non-Impairment. The Agreement may not be amended, supplemented or terminated without the prior written consent of the parties thereto; provided, however, that, for so long as any Bonds remain outstanding, the Agreement shall not be amended other than in accordance with the provisions of the Bond documents.

EXHIBIT F

BOOK-ENTRY-ONLY SYSTEM

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company (“DTC”), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners (as hereinafter defined) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Indenture.

The following information about the book-entry-only system applicable to the Bonds has been supplied by DTC. Neither the Issuer nor the Trustee makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each of the Bonds, each in the aggregate principal amount of each maturity of the Bonds and deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of 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 of 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 has a Standard & Poor’s rating of AA+. The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

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

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners are 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, Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, and disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption or other communications to or by DTC, which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The Issuer cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

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

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EXHIBIT G

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

Definitions

“Annual Bond Disclosure Report” shall mean any Annual Bond Disclosure Report provided by the Issuer pursuant to, and as described in, the Continuing Disclosure Agreement.

“Beneficial Owner” shall mean (for purposes of the Continuing Disclosure Agreement) any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the Issuer, or any successor dissemination agent designated in writing by the Issuer.

“Listed Events” shall mean any of the events listed herein under “Reporting of Significant Events.”

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Bond Disclosure Reports

The Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than six months after the end of each fiscal year, commencing with a report for the fiscal year ending June 30, 2011, to each Repository an Annual Bond Disclosure Report which is consistent with the requirements of the Continuing Disclosure Agreement.

If an Annual Bond Disclosure Report has not been provided to the Repository by the date specified in the preceding paragraph, the Issuer shall promptly send a notice to the Repository stating that such Annual Bond Disclosure Report has not been timely provided and, if known, stating the date by which the Issuer anticipates such Annual Bond Disclosure Report will be provided.

Content of Annual Bond Disclosure Reports

Each Annual Bond Disclosure Report of the Issuer shall be prepared by the Issuer and the Department and shall contain or include by reference the following:

1. The audited financial statements for the State for the most recently ended fiscal year, currently prepared in accordance with generally accepted accounting principles.

2. Tables setting forth the following information, as of the end of such fiscal year:
 - (a) For each maturity of the Bonds, the interest rate on such Bonds, original aggregate principal amount of such Bonds and the principal amount of such Bonds remaining Outstanding.
 - (b) Current balances and projected balances for the Employment Security Fund and the Employment Security Reserve Fund as set forth in the tables under the section “STATE EMPLOYMENT SECURITY PROGRAM—Employment Security Fund and Employment Security Reserve Fund Solvency Projections” in the Official Statement relating to the Bonds.
 - (d) Current information of the type set forth in the text and tables under “EXHIBIT A CERTAIN INFORMATION REGARDING IDAHO EMPLOYMENT AND THE UNEMPLOYMENT COMPENSATION PROGRAM—Idaho Economy” and “—Idaho Employment Taxable Wage Rates and Collections Statistics” in the Official Statement relating to the Bonds.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer on behalf of the Department, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

Reporting of Significant Events

Any of the following events shall be considered a Listed Event:

- (a) Principal and interest payment delinquencies with respect to the Bonds.
- (b) Non-payment related defaults with respect to the Bonds, if material.
- (c) Modifications to rights of holders of the Bonds, if material.
- (d) Bonds calls, if material, and tender offers.
- (e) Defeasances.
- (f) Rating changes.
- (g) Adverse tax opinions, the issuance by the IRS 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 Bonds or other material events affecting the tax status of the Bonds.
- (h) Unscheduled draws on any debt service reserves reflecting financial difficulties.
- (i) Unscheduled draws on any credit enhancements reflecting financial difficulties.
- (j) Substitution of any credit or liquidity providers, or their failure to perform.

- (k) Release, substitution, or sale of any property securing repayment of the Bonds, if material.
- (l) Bankruptcy, insolvency, receivership or similar event of the Issuer or the State of Idaho.
- (m) The consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the asset sales of the Issuer, 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.
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, it shall determine if such event would be material under applicable federal securities laws; provided that any Listed Event above that does not have a materiality qualifier will always be deemed to be material. If the Issuer determines that knowledge of the event would be material under applicable federal securities laws or if such event is deemed to be material, it shall, in a timely manner but in no event more than ten (10) Business Days after the occurrence of the Listed Event, file a notice of such occurrence with the Municipal Securities Rulemaking Board.

Central Filing; Termination of Reporting Obligation

Any filing or reporting obligation to a Repository under the Continuing Disclosure Agreement shall be made solely by transmitting such filing or report to the Municipal Securities Rulemaking Board pursuant to its Electronic Municipal Market Access (EMMA) system as provided at <http://www.emma.msrb.org>. The Issuer's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Dissemination Agent

The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor dissemination agent. The initial Dissemination Agent shall be the Issuer.

Amendment; Waiver

The Issuer and the Department may amend the Continuing Disclosure Agreement and any provision of the Continuing Disclosure Agreement may be waived provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions described in the first paragraph under "Provisions of Annual Bond Disclosure Reports" or under "Content of Annual Bond Disclosure Reports" or in the first paragraph under "Reporting of Significant Events", it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Bond Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under the Continuing Disclosure Agreement, and (ii) the Annual Bond Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Issuer and the Department from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Bond Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the Issuer shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Bond Disclosure Report or notice of occurrence of a Listed Event.

Default

In the event of a failure of the Issuer and the Department to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the Issuer to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Beneficiaries

The Continuing Disclosure Agreement shall inure solely to the benefit of the Issuer, the Department, the Trustee, the Dissemination Agent, the Participating Underwriters, Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272