MONTANA

BOARD OF INVESTMENTS

SHORT-TERM INVESTMENT POOL
FINANCIAL STATEMENTS

(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

PREPARED BY THE STAFF AND MANAGEMENT OF
THE MONTANA BOARD OF INVESTMENTS

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SHORT-TERM INVESTMENT POOL
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2026
(amounts in thousands)

Assets	
Investments	
Cash and Cash Equivalents	$ 4,184,247
Investments at Cost	67,000
Investments at Fair Value	4,465,896
Total Investments	8,717,143
Securities Lending Cash Collateral	30,225
Dividend / Interest Receivable	27,316
Prepaid Expenses	31
Total Assets	8,774,715
Liabilities	
Payables	
Income Due Participants	28,227
Securities Lending Obligations	30,225
Total Liabilities	58,452
Fiduciary Net Position	$ 8,716,263

The accompanying notes are an integral part of these financial statements.

SHORT-TERM INVESTMENT POOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
(amounts in thousands)

Additions	
Participant Additions	$ 14,989,686
Net Investment Earnings	
Investment Earnings	
Net Increase in Fair Value of Investments	212,471
Dividend / Interest Earnings	133,446
Investment Earnings	345,917
Investment Costs	(517)
Other Investment Costs	(382)
Net Investment Earnings	345,018
Securities Lending Earnings	9,995
Securities Lending Costs	(7,780)
Net Securities Lending Earnings	2,215
Total Additions	15,336,919
Deductions	
Participant Withdrawals	15,278,743
Income Distributions to Participants	345,167
Total Deductions	15,623,910
Change in Net Position	(286,991)
Fiduciary Net Position - Beginning of Year	9,003,254
Fiduciary Net Position - End of Year	$ 8,716,263

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2026

These financial statements present only the activity of the Short-Term Investment Pool (STIP) as managed by the Board of Investments (the Board). STIP financial statements are included in the Board's Unified Investment Program (UIP) financial statements, which are audited by the Montana Legislative Auditor. These stand-alone statements are for informational purposes only and are not separately audited. The Board's audited annual financial information is available from the Board at 2401 Colonial Drive, 3rd Floor, PO Box 200126, Helena, MT 59620-0126 or by calling 406-444-0001. The Board's information can also be found on the Board's website at https://investmentmt.com/.

1. DESCRIPTION OF THE POOL AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE POOL

The Board created STIP to allow qualifying funds, per Sections 17-6-201, 17-6-202 and 17-6-204, MCA, to participate in a diversified pool. By statute, local government entities can voluntarily participate in the STIP.

BASIS OF ACCOUNTING

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB).

CASH AND CASH EQUIVALENTS HELD WITHIN POOLS

Cash and cash equivalents generally are short-term, highly liquid investments with maturities of three months or less at time of purchase. STIP holds cash and cash equivalents measured at amortized cost.

VALUATION OF INVESTMENTS

Investments reported at fair value are on a trade date basis. Quoted market prices, when available, have been used to value investments. The fair values for securities that have no quoted market price represent estimated fair value. Fair value measurements are reviewed monthly, and third-party valuations are reviewed for reasonableness and compliance with approved price source authorization policy. Additional information on how the Board reports fair value measurements can be found in Note 5 - Fair Value Measurement.

As disclosed in Note 5 – Fair Value Measurement, $67 million of investments are reported at amortized cost. These include bonds authorized in the Municipal Finance Consolidation Act of 1983 (INTERCAP Bonds).

PREPAID EXPENSES

Certain payments to vendors reflect investment costs applicable to future accounting periods and are recorded as prepaid expenses.

REVENUE RECOGNITION

Unrealized gains and losses are included as a component of investment income in the Statement of Changes in Fiduciary Net Position. Unrealized gains and losses are computed based on changes in the fair value of investments held from the beginning of the year but unsold at the fiscal year-end. The net change in fair value of investments also consists of the realized gains or losses. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

INVESTMENT COSTS

The State Legislature has designated that the Board's administrative operations be recorded within a restricted enterprise fund. The Board's operational budget is approved by its Board of Directors and is set at a level sufficient to recover operating costs. These Board management fees are allocated to the pools and Separately Managed Accounts (SMA) based on direct costs when related to a specific pool and according to their proportionate share of the total UIP for indirect costs. During the fiscal year, STIP was allocated $517 thousand in Board fees. The STIP investment fee ratio was 0.01%.

SECURITIES LENDING

The collateral received under securities lending agreements where STIP can spend, pledge, or sell collateral without borrower default is included in the Statement of Fiduciary Net Position. Liabilities resulting from these transactions are also included in the Statement of Fiduciary Net Position. Costs associated with the securities lending transactions, including broker commissions and lending fees paid to custodians are reported as components of investment expenses in the Statement of Changes in Fiduciary Net Position. For further details, please refer to Note 3 - Securities Lending.

PURCHASES AND SALES BY PARTICIPANTS AND INCOME DISTRIBUTIONS

Purchases and sales by participants are recorded when received or paid. STIP participants receive monthly income distributions. STIP distributable income is total net investment earnings less the net increase (decrease) on the fair value of investments not attributable to amortization.

REGULATORY OVERSIGHT

The Board was created by the State Legislature to manage the UIP established by the State Constitution. The Board is not registered with the U.S. Securities and Exchange Commission as an investment company.

POOL PARTICIPANT UNITS

Pool units are purchased and sold in the same manner as individuals investing in mutual funds. The STIP participants purchase and sell units at $1 per unit, at the participant's discretion. Individual investments in the pools are not specifically identified to the respective participants. Please refer to Note 7 – STIP Reserve for further detail.

2. INVESTMENT RISK DISCLOSURES

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Board will not be able to recover deposits or the value of the investment securities or collateral securities that are in the possession of an outside party. The Board's investment policy requires that the Board's primary custodial bank maintain at least at the sixth-highest long-term investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSROs).

As of June 30, all the public securities were registered in the nominee's name for the benefit of the Montana Board of Investments and held by the Board's custodial bank. Commingled funds and demand deposit accounts are recorded in the Board's name or represent ownership interests that are not documented by investment securities subject to custodial credit risk. Therefore, the Board is not subject to custodial credit risk.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributable to the magnitude of the Board's investment in any single issuer. The Board discloses investments in any one issuer that represent 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and external investment pools are excluded from this disclosure requirement.

The Board's investment policies address concentration of credit risk. For internally managed core fixed income portfolios, the policies limit investments in a single corporate parent issuer, foreign or quasi-governmental issuer, or securitized specific pool to a maximum of 4% of the portfolio's net asset value. STIP has additional concentration limits set by asset class. Please refer to Note 4 – Summary of Investment Policy – Legal and Contractual Provisions for further detail.

As of June 30, the Board had no investment in any single nonexempt issuer that represented 5% or more of total investments.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Except for U.S. Government securities, fixed income instruments have credit risk as measured by NRSRO ratings. Credit risk is contemplated for each individual portfolio in the Investment Policy

Statement (IPS). Credit risk is managed by constraining portfolio purchases around investment grade NRSRO ratings as appropriate. The U.S. Government guarantees its securities directly or indirectly. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit risk. These investments are included in the table for completeness. Please refer to Note 4 – Summary of Investment Policy – Legal and Contractual Provisions for further detail.

As a matter of STIP investment policy, the Board's fixed income investment staff can only purchase securities from a pre-approved issuer list. By STIP policy, permitted money market investments include only SEC-registered 2a-7 Institutional Money Market Funds that are considered "US Treasury" or "US Government" money market mutual funds according to the SEC regulations or a short-term investment vehicle available through the custodial bank. Securities of federal agencies without their own NRSRO rating will use the ratings of the U.S. Government.

Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated. NRSRO provides the credit ratings presented in the following table for STIP as of June 30 (amounts in thousands):

STIP CREDIT QUALITY RATINGS

		Short-Term Ratings			Long-Term Ratings			
Cash Equivalents	Amortized Cost	A-1	P-1	Aaa-mf	Aa1	Aa2	A1	Unrated
Agency or Government Related	$ 14,675	$ -	$ -	$ 9,675	$ 5,000	$ -	$ -	$ -
Asset Backed Commercial Paper	2,828,947	253,758	2,575,189	-	-	-	-	-
Corporate Commercial Paper	1,189,625	-	1,189,625	-	-	-	-	-
Demand Deposit Accounts	151,000	-	-	-	-	-	-	151,000
Total Cash Equivalents	4,184,247	253,758	3,764,814	9,675	5,000	-	-	151,000
Investments	Fair Value							
Security Investment Types								
Agency or Government Related	$ 549,489	$ -	$ -	$ -	$ 549,489	$ -	$ -	$ -
Certificates of Deposit	1,148,401	-	-	-	699,035	299,561	149,805	-
Corporate Commercial Paper	696,610	-	696,610	-	-	-	-	-
Corporate Notes	582,867	-	149,773	-	-	188,636	244,458	-
US Treasuries	1,488,529	-	-	-	1,488,529	-	-	-
Total STIP Fixed Income Investments at Fair Value	4,465,896	-	846,383	-	2,737,053	488,197	394,263	-
INTERCAP Bond	67,000	-	-	-	-	-	-	67,000
Total STIP Investments Managed	$ 8,717,143	$ 253,758	$ 4,611,197	$ 9,675	$ 2,742,053	$ 488,197	$ 394,263	$ 218,000

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Board manages interest rate risk by monitoring the effective duration of its fixed income portfolio and by applying portfolio-specific duration and maturity limitations established in the applicable investment policy. Please refer to Note 4 – Summary of Investment Policy – Legal and Contractual Provisions for further detail.

The Board uses the weighted average maturity method to disclose its exposure to interest rate risk. Effective duration is a measure, expressed in years, of the sensitivity of an investment's fair value to changes in interest rates. In general, investments with longer effective durations are more sensitive to changes in market interest rates than investments with shorter effective duration.

Effective duration reflects the expected timing and present value of future cash flows and, where applicable, the effects of embedded options and interest-rate resets.

STIP interest rate risk is determined using the weighted average maturity (WAM) method. Inclusive of cash and cash equivalents, the WAM averages 87 days for the portfolio. STIP investments at fair value are categorized to disclose interest rate risk as of June 30 on the following table (amounts in thousands):

STIP WEIGHTED AVERAGE MATURITY

Security Investment Type		Total Fixed Income Investments at Fair Value	WAM (Days)
Agency or Government Related	$	549,489	193
Certificates of Deposit		1,148,401	198
Corporate Commercial Paper		696,610	98
Corporate Notes		582,867	96
US Treasuries		1,488,529	116
Total STIP Fixed Income Investments at Fair Value	$	4,465,896	

Based on their short weighted average maturity and the relatively immaterial difference from their amortized cost to fair value as of June 30, the Board deemed the cash equivalents to have little discernible interest rate risk.

3. SECURITIES LENDING

The Board is authorized by law to lend its securities and has contracted with the custodial bank to lend the Board's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. On any day, including June 30, the markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The Board and the custodial bank split the earnings 85% and 15%, respectively, on securities lending activities. The Board retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the Board's credit risk exposure to the borrowers. The custodial bank cannot sell collateral securities unless the borrower defaults.

During the fiscal year, the custodial bank loaned the Board's public securities and received as collateral the following instruments:

- Cash (U.S. and foreign currency),
- Securities issued or guaranteed by the United States government or its agencies or instrumentalities,
- Canadian provincial debt,

- All other sovereign debt,
- Convertible bonds,
- U.S. and non-U.S. equities (which shall include (i) equity securities in the form of exchange-traded funds ("ETFs") and, for the avoidance of doubt, shall include, but not be limited to, ETFs of the custodial bank or other custodial bank affiliates and (ii) American Depositary Receipts and Global Depositary Receipts),
- Covered bonds,
- Preferred securities,
- Certificates of deposit,
- Money market instruments,
- Asset-backed securities,
- Asset-backed commercial paper,
- Commercial paper,
- Collateralized mortgage obligations,
- Mortgage-backed securities,
- Supra-nationals,
- Irrevocable bank letters of credit issued by a person other than the borrower or an affiliate of the borrower, if the custodial bank has determined that it is appropriate to accept such letters of credit as collateral under the securities lending programs it administers,
- Assets permissible under Rule 15c3-3 under the Securities Exchange Act of 1934, and
- Such other collateral as the parties may agree to in writing.

The Board has an established schedule with the custodial bank that identifies the minimum credit rating and margin requirements for each instrument:

COLLATERAL TYPE	MINIMUM CREDIT RATING	MARGIN REQUIREMENT
US Treasuries, including Treasury Inflation Priced Securities		102%
US Federal Agency Debt, including agency mortgage-backed securities		102%
Municipal Bonds	A-/A3	105%
Canadian Provincial & Australian Semi-Regional Debt	A-/A3	105%
Asset-Backed Securities	AA-Aa3	110-115%
Collateralized Mortgage-Backed Securities	AA-Aa3	110-115%
Commercial Mortgage-Backed Securities	AA-Aa3	110-115%
Supranational Debt	AAA/Aaa	102%
Sovereign Debt	AA-/Aa3	102%
Sovereign Debt	A-/A3	105%
Commercial Paper, Certificates of Deposit, Banker's Acceptances and Time Deposits	A1/P1	105%
Corporate Debt	AA-/Aa3	102-115%
Corporate Debt	BBB-/Baa3	102-115%
Convertible Bonds (convertible on call against loans of underlying stock, only) Matched/Hedged	No Floor	105%
Convertible Bonds (US issuers only) Outright	No Floor	110-115%
Equities (generally traded on well-established exchanges)		108%-110%

The cash collateral received for each loan was invested in a highly liquid, separately managed portfolio. The Board and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. The portfolio had a weighted average duration of 38 days and a weighted average final maturity of 101 days.

Securities on loan and pledged collateral is disclosed in the following table as of June 30, with amounts in thousands except for percentages.

	SECURITIES LENDING INCOME AND EXPENSE		
	Gross Income	Expenses	Net Income
Short-Term Investment Pool (STIP)	$ 9,995	$ (7,780)	$ 2,215

For the year ended June 30, STIP had net securities lending income of $2.2 million, with gross securities lending income of $10.0 million and associated expenses of $7.8 million.

4. SUMMARY OF INVESTMENT POLICY – LEGAL AND CONTRACTUAL PROVISIONS

Section 17-6-201, MCA, established the UIP, created the Board, and gave the Board sole authority to invest state funds. The Board manages the UIP pursuant to the "prudent expert principle" mandated by Section 17-6-201(1), MCA, which requires the Board to:

> "(a) discharge the duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims;
> (b) diversify the holdings of each fund within the [UIP] to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and
> (c) discharge the duties solely in the interest of and for the benefit of the funds forming the [UIP]."

ALLOWED INVESTMENTS

The Board approves a separate IPS for each pool and SMA participant, which provides Board staff with a broad strategic framework under which the investments are managed. The IPSs also reflect the Board-approved asset allocation ranges. Board policy requires each IPS to cite the law establishing the account, cite the permissible investments authorized by law, and establish an investment range for each permissible investment. The Board reviews each IPS at least annually; an IPS may be revised only in a public meeting; and the authority to approve an IPS may not be

delegated to staff. The Board's IPSs are available in their entirety at https://investmentmt.com/Policies.

Each IPS requires Board staff to report any exceptions or compliance violations to the Board at its next scheduled quarterly meeting and requires the Chief Investment Officer to report to the Board any instance in which an asset class allocation was outside the approved limits, together with the actions taken or planned to return the allocation within guidelines. There were no significant violations of legal or contractual provisions during the fiscal year ended June 30.

State agencies and local government entities may participate in one or more pools. By investing in pools, participants are provided with broad diversification.

The STIP IPS limits concentration of credit risk exposure by limiting exposure to individual issuers by asset class as follows (as a percentage of STIP Units Value at purchase):

- 3% to any issuer for any permitted investments excluding U.S. Treasury and U.S. agency securities and repurchase agreements with a financial institution,
- 30% to any single issuer for U.S. agency securities,
- 10% to any one financial sponsor of ABCP as well as any direct obligations associated with the sponsor,
- 5% to any single SEC-registered 2a-7 fund for money market funds or FDIC-insured deposits,
- 5% to any single primary dealer or financial institution for repurchase agreements,
- 3% to any Montana domiciled bank for collateralized demand deposit accounts,
- 5% to the custodial bank for interest-bearing demand deposit accounts.

The STIP IPS also manages credit risk exposure by limiting exposure by asset class as follows (as a percentage of STIP Units Value at purchase):

Asset Class	Maximum
Asset-backed commercial paper (ABCP)	40%
Repurchase agreements	10%
SEC registered 2a-7 Money Market Fund or FDIC-Insured deposits	15%
Reverse repurchase agreements	10%
Non-government variable rate securities with maturies greater than 397 days	25%

The STIP IPS also restricts credit quality. Asset-backed commercial paper, commercial paper, banker's acceptances and certificates of deposit may not carry a Tier 2 or lower rating at any NRSRO at the time of purchase, and no more than 10% of STIP Units Value may be held in such securities rated Tier 2 or lower at any time. Corporate bonds, notes and medium-term notes must be rated a minimum of the sixth-highest rating at any NRSRO at the time of purchase. All securities must be rated by at least two NRSROs at the time of purchase, other than investments in the State INTERCAP program, securities fully guaranteed by the U.S. government, approved institutional money market funds, and fully collateralized demand deposit accounts at Montana domiciled banks.

The STIP IPS further requires a minimum of 10% of STIP Units Value in daily liquid assets and a minimum of 15% in weekly liquid assets and limits illiquid investments — those that cannot be sold within seven calendar days at approximately the value ascribed to them by STIP — to a maximum of 10%. ABCP is limited to maturities of 90 days or less, repurchase agreements to 30 days, and reverse repurchase agreements to 90 days.

STIP invests primarily in short-term, high-quality fixed income securities. The maximum final maturity of any permitted investment is 397 days, excluding securities used as collateral in repurchase agreements and permitted variable rate securities that on any reset date can reasonably be expected to have a market value approximating amortized cost. Variable securities have a maximum maturity of 2 years. STIP maintains a dollar-weighted average portfolio maturity of 120 days or less. STIP is managed to preserve principal while providing daily liquidity for state agencies and local government participants.

STIP is not registered with the SEC as an investment company and is therefore not required to abide by Rule 2a-7 of the Investment Company Act of 1940. STIP is not FDIC insured and is not otherwise insured or guaranteed by the federal government, the State of Montana, the Board, or any other entity against investment losses. There is no minimum or maximum interest rate and no guaranteed rate of return on STIP units. Participants transact at $1.00 per unit and receive liquidity with one-day notice. STIP portfolio is reported on a net asset value basis rather than at amortized cost.

The STIP portfolio will minimize the risk that the market value of the securities will deviate significantly from cost due to changes in interest rates by means of the following:

1) Structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations, thereby normally avoiding the need to sell securities on the open market prior to maturity.
2) Maintaining a dollar-weighted average portfolio maturity of 120 days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities).
3) Maintaining a reserve account.

For the reserve account, the Board policy targets a reserve of 1.15% of net asset value. If the reserve is below that level, a portion of earnings is retained to build it, and if the reserve falls below 0.50% of net asset value, staff will recommend a course of action to the Board with a goal of restoring the reserve within three years. Purchases of risk assets are further conditioned on a calculation that a worst-case widening of credit spreads would not exceed the reserve balance. See Note 7 – STIP Reserve.

5. FAIR VALUE MEASUREMENT

The Board categorizes its fair value measurements within the fair value hierarchy established by GAAP as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets that the Board can access as of June 30.

Level 2 - Prices are determined using inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

Level 3 - Prices are determined using unobservable inputs, which generally result in the Board using the best information available and may include the Board's own data.

FAIR VALUE LEVEL

Fixed income investments classified in Level 1 of the fair value hierarchy are valued using quoted prices (unadjusted) in active markets for those securities. Fixed income investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments measured at amortized cost are included to reconcile to total investments. These investments include cash equivalents and INTERCAP bonds.

STIP has the following value measurements as of June 30, with amounts in thousands:

INVESTMENTS MEASURED AT FAIR VALUE

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Investments by Fair Value Level				
Fixed Income Investments:				
Agency or Government Related	$ 549,489	$ -	$ 549,489	$ -
Certificates of Deposit	1,148,401	-	1,148,401.3	-
Corporate Commercial Paper	696,610	-	696,609.8	-
Corporate Notes	582,867	-	582,867.2	-
US Treasuries	1,488,529	1,488,529	-	-
Total Investments by Fair Value Level	4,465,896	$ 1,488,529	$ 2,977,368	$ -
Investments at Cost				
Cash and Cash Equivalents	4,184,247			
INTERCAP Bonds	67,000			
Total Investments Not Categorized	4,251,247			
Total Investments	$ 8,717,143			

6. BOND AND LOAN GUARANTEES

As of June 30, the Board had provided loan guarantees from the Coal Severance Tax Trust Fund and the Treasurer's Cash Fund to the Municipal Finance Consolidation Act of 1983 program known as INTERCAP. Bond issues from INTERCAP totaled $67 million.

STIP, Trust Funds Investment Pool (TFIP), and the Coal Severance Tax Trust Fund provided loan guarantees for the Montana Facility Finance Authority (MFFA) amounting to $104 million. The

amounts represent the potential liability of the respective funds and guarantees are in effect for one year.

As of the end of the fiscal year, the Board had not been required to perform on the guarantees. The amounts are merely commitments of the Board if debt service payments are required.

MFFA is a discretely presented component unit of the State of Montana. MFFA guarantee requests are submitted to the Board for review and approval. The Board's participation, whether in duration or any other consideration, to purchase bonds or loans or to lend money for deposit into MFFA's statutorily allowed capital reserve account is explicitly limited by statute, which requires the Board to act prudently. The bond and loan guarantee requests from MFFA pertain to bonds issued by MFFA with a term of up to 40 years. The Board receives a credit enhancement fee at MFFA bond closing based on the term of the financing, the type of bond, the rating of the borrower, and the type of reserve fund. The Board and MFFA have entered into an agreement detailing repayment to the Board.

The following schedule summarizes the bond and loan guarantee activity during the fiscal year with amounts in thousands:

BOND AND LOAN GUARANTEE ACTIVITY

	Beginning Balance	Additions	Reductions	Ending Balance
INTERCAP	$ 65,000	$ 69,000	$ (67,000)	$ 67,000
MFFA	96,503	15,000	(7,470)	104,033

7. STIP RESERVE

The reserve account may be used to offset losses within the STIP portfolio. Refer to Note 4 – Summary of Investment Policy – Legal and Contractual Provisions for additional detail on the reserve policy. The following table details STIP Reserve activity for the year ended June 30 with amounts presented in thousands:

STIP RESERVE ACTIVITY		
Beginning STIP Reserve	$	107,537
Additions		
Investment Earnings:		
Net Increase in Fair Value of Investments		3,793
Interest Income		478
Other Investment Income		339
Total Investment Earnings		4,610
Investment costs:		
Net Transfers to STIP		(348)
Total costs		(348)
Total STIP Reserve Activity		4,262
Ending STIP Reserve	$	111,799

8. SUBSEQUENT EVENTS

Management evaluated subsequent events through November 2, 2026. No subsequent events requiring recognition in or disclosure to the financial statements were identified.

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