Your Helena Public Schools
...a great place to learn

The Helena Public Schools educate, engage, and empower each student to maximize his or her individual potential with the knowledge, skills and character essential to being a responsible citizen and life-long learner.

Bond Finance Committee

October 7, 2026 – 1:00 p.m.
Lincoln Center
1325 Poplar St., Helena, MT 59601

AGENDA

I. CALL TO ORDER / INTRODUCTIONS

II. GENERAL PUBLIC COMMENT: *This is the time for comment on public matters that are not on the agenda. Public matters do not include any pending legal matters, private personnel issues or private student issues. Please do not attempt to address such issues at this time or you will be ruled out of order. The Board cannot enter into a discussion during General Public Comment.*

III. REVIEW OF AGENDA

IV. ITEMS FOR INFORMATION/DISCUSSION
   A. Meeting with the Moody's Rating Agency Analysts, Lianne Gonsalves and Rory Mcleod
   B. Update on Bond Market Trends and Discussion of the Bond Time Schedule and the Financing Schedules

V. BOARD/SUPERINTENDENT COMMENTS

VI. ADJOURNMENT

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. The securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

NEW ISSUE **[INSURANCE: TBD]**
BOOK-ENTRY ONLY **RATINGS: Moody's Investors Service: Underlying: "Applied For"**
NOT BANK QUALIFIED **[Insured "___"]**

(See "BOND INSURANCE" and "RATINGS" herein.)

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, and (iii) is excludable from taxable income for Montana individual income tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is includable in the computation of income for purposes of the Montana corporate income tax and the Montana alternative corporate income tax. The Bonds are not "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. (See "BONDS NOT QUALIFIED TAX-EXEMPT OBLIGATIONS" and "TAX CONSIDERATIONS" herein.)

$11,500,000*
School District No. 1 (Helena)
Lewis and Clark County, Montana
General Obligation School Building Bonds, Series 2026

$80,000,000*
High School District No. 1 (Helena)
Lewis and Clark County, Montana
General Obligation School Building Bonds, Series 2026

ELEMENTARY DISTRICT BONDS DUE: July 1, as shown on the inside cover
HIGH SCHOOL DISTRICT BONDS DUE: July 1, as shown on the inside cover **DATED: Date of Delivery (expected to be December 17, 2026)**

School District No. 1 (Helena), Lewis and Clark County, Montana (the "Elementary District") and High School District No. 1 (Helena), Lewis and Clark County, Montana (the "High School District") (collectively, the "Districts") provide this Preliminary Official Statement in connection with the issuance by the Elementary District of the Elementary District's General Obligation School Building Bonds, Series 2026 (the "Elementary District Bonds") and by the High School District of the High School District's General Obligation School Building Bonds, Series 2026 (the "High School District Bonds") (collectively, the "Bonds"). The Bonds mature annually on July 1 in each of the years and amounts set forth on the inside cover hereof and will bear interest from their Date of Delivery to their respective maturities, or date of prior redemption, at the rates as shown on the inside cover herein.

The Bonds will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only, in the principal amount of $5,000 within a single maturity and in integral multiples thereof. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical bond certificates. Interest on the Bonds will be payable semi-annually on each January 1 and July 1, commencing January 1, 2028. The Districts have appointed U.S. Bank Trust Company, National Association to serve as registrar and paying agent (the "Registrar") for the Bonds. The principal of and interest on the Bonds will be payable by the Registrar to DTC, which will in turn remit such principal and interest to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. (See "THE BONDS – Book-Entry Form" herein.)

The Bonds are general obligations of the Districts payable from the proceeds of an ad valorem tax that each District will covenant to levy annually on all taxable property within the respective District, without limitation as to rate or amount. The Bonds are being issued in accordance with the provisions of Title 20, Chapter 9, Montana Code Annotated.

The proceeds of the Elementary District Bonds, proceeds from the Elementary District's General Obligation School Building Bonds, Series 2025 issued in the principal amount of $31,500,000 (the "Elementary 2025 Bonds"), and other legally available funds, if any, will be used for the purpose of providing funds to (i) pay all or a portion of the costs designing, constructing, furnishing, and equipping a new Kessler School building in replacement of the existing Kessler School building; related improvements and costs; and (ii) pay costs associated with the sale and issuance of the Elementary District Bonds. The Elementary District has determined to proceed with the issuance of the Elementary District Bonds in the principal amount of $11,500,000* as the second and final series of bonds issued under the Elementary District Bond Authorization (defined herein). The proceeds of the High School District Bonds, proceeds from the High School District's General Obligation School Building Bonds, Series 2025 issued in the principal amount of $130,000,000 (the "High School 2025 Bonds"), and other legally available funds, if any, will be used for the purpose of providing funds to (i) pay the costs of designing, constructing, furnishing, and equipping (a) a new Helena High School building in replacement of the existing Helena High School building, along with associated improvements; and (b) improvements to portions of the Capital High School building and campus; and related improvements and costs; and (ii) pay costs associated with the sale and issuance of the High School District Bonds. The High School District has determined to proceed with the issuance of the High School District Bonds in the principal amount of $80,000,000* as the second series of bonds, and expects to issue up to $30,000,000* in principal amount of the remaining High School District Bond Authorization (defined herein) in calendar year 2028 (the "Projected High School Bonds"). (See "THE BONDS – Authorization," "– Security," and "– Purpose and Sources and Application of Funds" herein.)

The Elementary District Bonds maturing on or after July 1, 2036* are subject to redemption at the option of the Elementary District on January 1, 2036* and on any date thereafter at a price equal to the principal amount being redeemed plus interest accrued to the date of redemption, without premium. The High School District Bonds maturing on or after July 1, 2036* are subject to redemption at the option of the High School District on January 1, 2036* and on any date thereafter at a price equal to the principal amount being redeemed plus interest accrued to the date of redemption, without premium. Term Bonds, if any, will be subject to mandatory sinking fund redemption. (See "THE BONDS – Redemption" herein.)

[The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____.]

[Bond Insurer Logo]

The Bonds are offered when, as and if issued by the Districts, subject to prior sale, to withdrawal or modification of the offer without notice, and to the opinions as to validity and tax exemption of the interest on the Bonds by Dorsey & Whitney LLP, Missoula, Montana and Minneapolis, Minnesota, Bond Counsel. It is expected that the Bonds in definitive form will be available for book-entry delivery through the facilities of DTC on or about December 17, 2026 (the "Date of Delivery" or "Closing").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to making an informed investment decision.

* Preliminary; subject to change.

D|A|DAVIDSON

$11,500,000*
ELEMENTARY DISTRICT MATURITY SCHEDULE*

DATED: Date of Delivery (expected to be December 17, 2026) DUE: July 1, as shown below

Year	Amount*	Interest Rate	Yield to Maturity	Price (% of Par)	CUSIP[1]
2029	$40,000	%	%	%	
2030	40,000				
2031	40,000				
2032	35,000				
2033	25,000				
2034	25,000				
2035	20,000				
2036	20,000				
2037	20,000				
2038	895,000				
2039	940,000				
2040	985,000				
2041	1,035,000				
2042	1,085,000				
2043	1,140,000				
2044	1,195,000				
2045	1,255,000				
2046	1,320,000				
2047	1,385,000				

$80,000,000*
HIGH SCHOOL DISTRICT MATURITY SCHEDULE*

DATED: Date of Delivery (expected to be December 17, 2026) DUE: July 1, as shown below

Year	Amount*	Interest Rate	Yield to Maturity	Price (% of Par)	CUSIP[1]
2029	$1,285,000	%	%	%	
2030	1,350,000				
2031	1,415,000				
2032	1,485,000				
2033	1,560,000				
2034	1,640,000				
2035	1,720,000				
2036	1,805,000				
2037	1,895,000				
2038	1,990,000				
2039	2,090,000				
2040	2,195,000				
2041	2,305,000				
2042	2,420,000				
2043	2,540,000				
2044	2,670,000				
2045	2,800,000				
2046	2,945,000				
2047	3,090,000				
2048	3,245,000				
2049	3,405,000				
2050	3,575,000				
2051	3,755,000				
2052	3,945,000				
2053	4,140,000				
2054	4,345,000				
2055	4,565,000				
2056	4,795,000				
2057	5,030,000				

* Preliminary; subject to change.

[1] ©2026 CUSIP Global Services, CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers are provided for convenience and reference only, and are subject to change. Neither the Districts nor the Underwriter takes responsibility for the accuracy of the CUSIP numbers.

DRAFT

Helena Public Schools
1325 Poplar Street
Helena, Montana 59601
(406) 324-2000
www.helenaschools.org[1]

Officials of the Districts:

Board of Trustees ..... Jennifer Walsh, Chair[2]
Kay Satre, Vice Chair
Janet Armstrong
Lisa Cordingley
Siobhan Hathhorn
Keller Higbee
Keith Meyer
Jenny Murnane-Butcher

Superintendent ..... Rex Weltz
Director of Finance/District Clerk ..... Samantha (Sam) Holman

Certain Lewis and Clark County Officials:

County Attorney ..... Kevin Downs
County School Superintendent ..... Katrina Chaney
County Treasurer/Clerk & Recorder/Auditor (*Ex-Officio* Treasurer for the Districts) ..... Amy Reeves

Underwriter
D.A. DAVIDSON & CO.
8 Third Street North
Great Falls, Montana 59401

Bond Counsel
DORSEY & WHITNEY LLP
Millennium Building
125 Bank Street, Suite 600
Missoula, Montana 59802

[1] Neither the information on the Districts' website nor any links from that website is a part of this Preliminary Official Statement, and such information cannot be relied upon to be accurate as of the date of this Preliminary Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.
[2] Serves as the Chair and presides over meetings for both Districts; however, Ms. Walsh only votes on High School District matters. All other members vote on both Elementary District and High School District matters.

DRAFT

No dealer, broker, salesman or other person has been authorized by the Districts to give any information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Districts. The information in this Preliminary Official Statement was obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Preliminary Official Statement nor any sale made hereby shall, under any circumstances, create any implication that there has been no change in the affairs of the Districts since the date hereof.

The Underwriter has reviewed the information in the Preliminary Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information. This Preliminary Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The following descriptions of summaries of the Bonds and Bond Resolutions and all references to other documents or materials not claiming to be quoted in full are only brief outlines of some of the provisions and do not claim to summarize or describe all provisions thereof. Copies of such documents may be obtained from the Districts.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In connection with the offering and issuance of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain statements included or incorporated by reference in this Preliminary 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 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," "projection," "budget," or other similar words.

©2026 CUSIP Global Services, CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers are provided for convenience and reference only and are subject to change. Neither the Districts nor the Underwriter takes responsibility for the accuracy of the CUSIP numbers.

[Bond Insurance Disclaimer]

DRAFT

TABLE OF CONTENTS

SUMMARY STATEMENT 1

THE BONDS 2
- Description of Bonds 2
- Registrar 2
- Redemption 2
- Book-Entry Form 4
- Authorization 4
- Security 5
- Purpose and Sources and Application of Funds 5

MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING 7
- General Description 7
- Legislative Session Highlights 10
- Operating Expenditures and Budgeting 16
- Elections 19
- Districts' Eligibility for State Debt Service Assistance 19
- State School Major Maintenance Aid 20
- NRD Facility Payment 21
- The Montana Property Tax System 22

ELEMENTARY DISTRICT FINANCIAL INFORMATION 29
- Financial Summary 29
- Future Financing 29
- Overlapping General Obligation Indebtedness 30
- General Obligation Debt Ratios 30
- Schedule of General Obligation Bond Debt Service 31

HIGH SCHOOL DISTRICT FINANCIAL INFORMATION 32
- Financial Summary 32
- Future Financing 32
- Overlapping General Obligation Indebtedness 32
- General Obligation Debt Ratios 34
- Schedule of General Obligation Bond Debt Service 35

COMBINED FINANCIAL INFORMATION 36
- Debt Limitations 36
- Trends in Property Valuations 37
- Tax Collections 41
- Tax Levies 42
- Major Taxpayers 43

THE DISTRICTS 43
- General Information 43
- Administration 44
- Enrollment Trends 45
- General Fund Budget and Summary of Budgeted Funds 46
- Employment and Labor Relations 47
- Interlocal Agreement Cooperative Fund 47
- Facilities 48
- Pensions 49
- Risk Management 54
- Investments 55

BONDS NOT QUALIFIED TAX-EXEMPT OBLIGATIONS 55

DRAFT

TAX CONSIDERATIONS 56
Tax Exempt Interest 56
Original Issue Discount 57
Market Discount 57
Bond Premium 57
Related Tax Considerations 58
Sale of Other Disposition 58
Information Reporting and Backup Withholding 58

LITIGATION 59

UNDERWRITING 59

[BOND INSURANCE 59
Bond Insurance Policy ..... 59]

RATINGS 59

NO CONFLICTS OF INTEREST 60

SECONDARY MARKET DISCLOSURE 60
Prior Compliance with Continuing Disclosure Undertakings 60

DISCLOSURE STATEMENT 61

ADDITIONAL INFORMATION AND MISCELLANEOUS 61

APPROVAL OF OFFICIAL STATEMENT 62

APPENDIX A: SUMMARY OF HELENA PUBLIC SCHOOLS
GENERAL FUND FINANCIAL STATEMENTS A-1
COMBINED – THE DISTRICTS – Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance – General Fund (includes ESD Flexibility & Interlocal Funds) A-2
COMBINED – THE DISTRICTS – Summary of Balance Sheets – General Fund (includes ESD Flexibility & Interlocal Funds) A-3
ELEMENTARY DISTRICT ONLY– Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance – (General Fund) A-4
ELEMENTARY DISTRICT ONLY – Summary of Balance Sheets – (General Fund) A-5
HIGH SCHOOL DISTRICT ONLY– Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance – (General Fund) A-6
HIGH SCHOOL DISTRICT ONLY– Summary of Balance Sheets – (General Fund) A-7
INTERLOCAL FUND – Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance A-8
INTERLOCAL FUND– Summary of Balance Sheets A-9

APPENDIX B: ECONOMIC AND DEMOGRAPHIC INFORMATION B-1

APPENDIX C: CONTINUING DISCLOSURE C-1

APPENDIX D: FORMS OF LEGAL OPINIONS D-1

APPENDIX E: BOOK-ENTRY SYSTEM E-1

APPENDIX F: HELENA PUBLIC SCHOOLS (ELEMENTARY AND HIGH SCHOOL COMBINED) AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025 ..... F-1

[APPENDIX G: SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... G-1]

DRAFT

$11,500,000*
School District No. 1 (Helena)
Lewis and Clark County, Montana
General Obligation School Building Bonds, Series 2026

$80,000,000*
High School District No. 1 (Helena)
Lewis and Clark County, Montana
General Obligation School Building Bonds, Series 2026

SUMMARY STATEMENT

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Preliminary Official Statement. No person is authorized to detach this Summary Statement from this Preliminary Official Statement or to otherwise use it without this entire Preliminary Official Statement.

ISSUER.....School District No. 1 (Helena), Lewis and Clark County, Montana (the "Elementary District") and High School District No. 1 (Helena), Lewis and Clark County, Montana (the "High School District") (together, the "Districts") are located in Lewis and Clark County (the "County"). The Districts encompass the City of Helena ("Helena") and portions of the surrounding area. The Districts' facilities are located throughout Helena. Helena, the State Capital and County seat, is located at the intersection of Interstate 15 and U.S. Highway 12, approximately 88 miles south of the City of Great Falls, 115 miles east of the City of Missoula, and 100 miles northwest of the City of Bozeman. According to the U.S. Census Bureau estimates released January 2026, the Elementary District and High School District had 2024 estimated populations of 59,266 and 62,062, respectively. The Elementary District and High School District are separate legal and financial entities, which currently provide instruction to approximately 5,179 elementary and 2,502 high school actual ANB (defined herein), respectively, in each case based on the 2025/26 actual ANB (defined herein) count used to determine the ANB that may be used for the 2026/27 budget. (See "THE DISTRICTS" herein.)

INTEREST AND REDEMPTION*.....Interest on the Bonds is payable semi-annually each January 1 and July 1, commencing January 1, 2028. For so long as the Bonds are held in book-entry format, principal and interest payments will be made as described under the heading "THE BONDS - Book-Entry Form." The Elementary District Bonds maturing on or after July 1, 2036* are subject to redemption in whole or in part at the option of the Elementary District on January 1, 2036* and on any date thereafter at a price equal to the principal amount being redeemed plus interest accrued to the date of redemption, without premium. The High School District Bonds maturing on or after July 1, 2036* are subject to redemption in whole or in part at the option of the High School District on January 1, 2036* and on any date thereafter at a price equal to the principal amount being redeemed plus interest accrued to the date of redemption, without premium. Term Bonds, if any, will be subject to mandatory sinking fund redemption. (See "THE BONDS – Redemption" herein.)

AUTHORITY FOR ISSUANCE.....The Elementary District Bonds are being issued pursuant to a bond resolution to be duly adopted by the Elementary District's Board of Trustees with regard to the Elementary District Bonds on or about December 8, 2026 (the "Elementary District Bond Resolution") and the High School District Bonds are being issued pursuant to a bond resolution to be duly adopted by the High School District's Board of Trustees with regard to the High School District Bonds on or about December 8, 2026 (the "High School District Bond Resolution," and together, the "Bond Resolutions") and pursuant to Title 20, Chapter 9, Montana Code Annotated. (See "THE BONDS – Authorization" herein.)

SOURCE OF REPAYMENT .....The Elementary District Bonds and the High School District Bonds are general obligations of the respective Districts, payable from the proceeds of general ad valorem taxes to be levied on all taxable property in the respective Districts, without limitation as to rate or amount. (See "THE BONDS – Security" herein.)

USE OF PROCEEDS.....The proceeds of the Elementary District Bonds, proceeds from the Elementary District's General Obligation School Building Bonds, Series 2025 issued in the principal amount of $31,500,000 (the "Elementary 2025 Bonds"), and other legally available funds, if any, will be used for the purpose of providing funds to (i) pay all or a portion of the costs designing, constructing, furnishing, and equipping a new Kessler School building in replacement of the existing Kessler School building; related improvements and costs; and (ii) pay costs associated with the sale and issuance of the Elementary District Bonds. The Elementary District has determined to proceed with the issuance of the Elementary District Bonds in the principal amount of $11,500,000* as the second and final series of bonds issued under the Elementary District Bond Authorization (defined herein). The proceeds of the High School District Bonds, proceeds from the High School District's General Obligation School Building Bonds, Series 2025 issued in the principal amount of $130,000,000 (the "High School 2025 Bonds"), and other legally available funds, if any, will be used for the purpose of providing funds to (i) pay the costs of designing, constructing, furnishing, and equipping (a) a new Helena High School building in replacement of the existing Helena High School building, along with associated improvements; and (b) improvements to portions of the Capital High School building and campus; and related improvements and costs; and (ii) pay costs associated with the sale and issuance of the High School District Bonds. The High School District has determined to proceed with the issuance of the High School District Bonds in the principal amount of $80,000,000* as the second series of bonds, and expects to issue up to $30,000,000* in principal amount of the remaining High School District Bond Authorization (defined herein) in calendar year 2028 (the "Projected High School Bonds"). (See "THE BONDS – Authorization," "– Security," and "– Purpose and Sources and Application of Funds" herein.)

* Preliminary; subject to change.

THE BONDS

Description of Bonds

The Elementary District's General Obligation School Building Bonds, Series 2026 (the "Elementary District Bonds") and the High School District's General Obligation School Building Bonds, Series 2026 (the "High School District Bonds") (collectively, the "Bonds") will be issued as fully registered bonds and will be registered in the name of Cede & Co., as registered owner and nominee for DTC (defined herein) as securities depository for the Bonds. Individual purchases and sales of the Bonds may be made in book-entry form only, in the principal amount of $5,000 within a single maturity and in integral multiples thereof.

The Bonds will be dated, as originally issued, as of their Date of Delivery. The Bonds shall mature annually on July 1 in the years and amounts set forth on the inside cover hereof and shall bear interest from the date of original registration to their respective maturities, or date of prior redemption, at the interest rate or rates per annum as shown on the inside cover hereof. Interest on the Bonds will be payable semi-annually on January 1 and July 1 (each an "Interest Payment Date"), commencing January 1, 2028, by wire transfer on the Interest Payment Dates to Cede & Co. Interest on the Bonds will be payable to the Beneficial Owners of record as of the close of business on the 15th day of the month immediately preceding an Interest Payment Date. Principal and interest payments to the Beneficial Owners of the Bonds are to be made as described herein under "Book-Entry Form."

Registrar

The Districts have appointed U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States, to serve as paying agent and registrar (the "Registrar") for the Bonds. The Registrar is to carry out those duties assignable to it under the Bond Resolutions. Except for the contents of this section, the Registrar has not reviewed or participated in the preparation of this Preliminary Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Preliminary Official Statement or for the recitals contained in the Bond Resolutions or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

The mailing address of the Registrar is U.S. Bank Trust Company, National Association, 170 South Main, Suite 200, Salt Lake City, Utah 84101, Attention: Corporate Trust Services. Additional information about the Registrar may be found at its website at http://www.usbank.com/corporatetrust. The U.S. Bank website is not incorporated into this Preliminary Official Statement by such reference and is not a part hereof.

Redemption*

Optional Redemption.* *Elementary District Bonds.* The Elementary District Bonds with stated maturities in the years 2029 through 2035* shall not be subject to redemption prior to their stated maturities. The Elementary District Bonds with stated maturities on or after July 1, 2036* will be subject to redemption on January 1, 2036*, and any day thereafter, at the option of the Elementary District, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. If less than all of the Elementary District Bonds are to be redeemed, the Elementary District Bonds to be redeemed shall be from such stated maturities and in such principal amounts as the Elementary District may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities) and within a maturity in $5,000 principal amounts selected by the Registrar by lot or other manner as directed by the Elementary District.

* Preliminary; subject to change.

High School District Bonds. The High School District Bonds with stated maturities in the years 2029 through 2035* shall not be subject to redemption prior to their stated maturities. The High School District Bonds with stated maturities on or after July 1, 2036* will be subject to redemption on January 1, 2036*, and any day thereafter, at the option of the High School District, in whole or in part, at a redemption price equal to the principal amount thereof to be redeemed plus interest accrued to the redemption date, without premium. If less than all of the High School District Bonds are to be redeemed, the High School District Bonds to be redeemed shall be from such stated maturities and in such principal amounts as the High School District may designate in writing to the Registrar (or, if no designation is made, in inverse order of maturities) and within a maturity in $5,000 principal amounts selected by the Registrar by lot or other manner as directed by the High School District.

[Mandatory Sinking Fund Redemption. *Elementary District Bonds.* The Elementary District Bonds with a stated maturity in the years _____ are Term Bonds and are subject to mandatory sinking fund redemption prior to maturity on July 1, in each of the years _____ for the Term Bond maturing in ____; in $5,000 principal amounts selected by the Registrar, by lot or other manner as directed by the Elementary District, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, from mandatory sinking fund deposits in the total principal amount set forth below.

20__ Term Bond		20__ Term Bond		20__ Term Bond	
Date	Redemption Amount	Date	Redemption Amount	Date	Redemption Amount
July 1, 20__	$___,000	July 1, 20__	$___,000	July 1, 20__	$___,000
July 1, 20__[1]	___,000	July 1, 20__[1]	___,000	July 1, 20__[1]	___,000
Total	$___,000	Total	$___,000	Total	$___,000

[1] Maturity.]

High School District Bonds. The High School District Bonds with a stated maturity in the years _____ are Term Bonds and are subject to mandatory sinking fund redemption prior to maturity on July 1, in each of the years _____ for the Term Bond maturing in ____; in $5,000 principal amounts selected by the Registrar, by lot or other manner as directed by the High School District, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest to the date of redemption, from mandatory sinking fund deposits in the total principal amount set forth below.

20__ Term Bond		20__ Term Bond		20__ Term Bond	
Date	Redemption Amount	Date	Redemption Amount	Date	Redemption Amount
July 1, 20__	$___,000	July 1, 20__	$___,000	July 1, 20__	$___,000
July 1, 20__[1]	___,000	July 1, 20__[1]	___,000	July 1, 20__[1]	___,000
Total	$___,000	Total	$___,000	Total	$___,000

[1] Maturity.]

Notice of Redemption. Notice of redemption stating the redemption price, the date fixed for redemption, the numbers, the interest rates, CUSIP numbers, and the maturity date of the Bonds or portions thereof called for redemption will be given by first-class mail, or by such other means required by the securities depository, to the holder of each Bond to be redeemed at such person's address as shown in the bond register at least thirty days before the redemption date; provided that any defect in or failure to give such notice will not affect the validity of proceedings for the redemption of any Bond not affected thereby. Notice of the redemption of any Bond having been given as so provided and funds sufficient for its payment with accrued interest having been deposited with the Registrar on or before the redemption

* Preliminary; subject to change.

DRAFT

date, interest on such Bond will cease to accrue on the redemption date, and the holder will have no further rights with respect thereto or under the respective Bond Resolution except to receive the redemption price so deposited.

Book-Entry Form

The Bonds will be issued under a book-entry system, initially registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in the principal amount of $5,000, or integral multiples thereof within a single maturity. When the Bonds are issued, ownership interest will be available to purchasers only through a book-entry system (the "Book-Entry System") maintained by DTC or such other depository institution designated by the Districts pursuant to the respective Bond Resolutions. See Appendix E to this Preliminary Official Statement for further information about the Book-Entry System. The information presented in Appendix E was obtained from DTC, and the Districts make no representation as to the accuracy or completeness thereof. If the Bonds are removed from the Book-Entry System and delivered to the person named as the registered owner of the Bonds on the registration records maintained by the Registrar in physical form, as described in Appendix E, the discussion therein of the Book-Entry System will not apply.

Authorization

Elementary District. The Elementary District Bonds are being issued pursuant to Title 20, Chapter 9, Montana Code Annotated and in accordance with the provisions of a resolution adopted by the Elementary District's Board of Trustees (the "Elementary District Board") on September 8, 2026 (the "Elementary Authorizing Resolution"), and a final resolution to be duly adopted by the Elementary District Board with regard to the Elementary District Bonds on or about December 8, 2026 (the "Elementary District Bond Resolution"), authorizing the issuance of the Elementary District Bonds and providing for the security of the Elementary District Bonds.

The electors of the Elementary District authorized the issuance of up to $43,000,000 in principal amount of general obligation bonds in one or more series (the "Elementary District Bond Authorization") at a mail ballot election duly called, noticed and held on September 9, 2025. A total of 52.13% of those registered to vote in the Elementary District cast ballots, with 10,631 (50.9%) voting in favor of and 10,256 (49.1%) voting against the issuance of Elementary District Bonds. The Elementary District Bonds in the principal amount of $11,500,000* represent the second and final series of bonds to be issued under the Elementary District Bond Authorization. The Elementary 2025 Bonds were issued in the principal amount of $31,500,000 as the first series of bonds under the Elementary District Bond Authorization.

High School District. The High School District Bonds are being issued pursuant to Title 20, Chapter 9, Montana Code Annotated and in accordance with the provisions of a resolution adopted by the High School District's Board of Trustees (the "High School District Board") on September 8, 2026 (the "High School District Authorizing Resolution"), and a final resolution to be duly adopted by the High School District Board with regard to the High School District Bonds on or about December 8, 2026 (the "High School District Bond Resolution"), authorizing the issuance of the High School District Bonds and providing for the security of the High School District Bonds.

The electors of the High School District authorized the issuance of up to $240,000,000 in principal amount of general obligation bonds in one or more series (the "High School District Bond Authorization") at a

* Preliminary; subject to change.

DRAFT

mail ballot election duly called, noticed and held on September 9, 2025. A total of 51.99% of those registered to vote in the High School District cast ballots, with 11,151 (50.8%) voting in favor of and 10,793 (49.2%) voting against the issuance of bonds. The High School District has determined to proceed with the issuance of the High School District Bonds in the principal amount of $80,000,000* as the second series of bonds to be issued under the High School District Bond Authorization. The High School 2025 Bonds were issued in the principal amount of $130,000,000 as the first series of bonds under the High School District Bond Authorization. The High School District expects to issue up to $30,000,000* in principal amount of the remaining High School District Bond Authorization in calendar 2028 (the "Projected High School Bonds").

The Districts. The Elementary District Board and the High School District Board, together, are referenced herein as the "Board," and the Elementary District Bond Resolution and the High School District Bond Resolution, together, are referenced herein as the "Bond Resolutions."

Security

The Bonds are general obligations of the Districts payable from proceeds of general ad valorem taxes, which each District will covenant to levy annually on all taxable property within the respective District, without limitation as to rate or amount. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" and "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

Districts' Eligibility for State Aid for Debt Service. Pursuant to State of Montana (the "State") law, the Districts are currently eligible to receive debt service assistance from the State for a portion of their annual debt service requirements relating to general obligation bond debt service requirements. Irrespective of the amount of debt service assistance received from the State, if any, the Districts will covenant to levy taxes on all taxable property in the respective District, so that the levy will raise sufficient funds to provide for the payment of principal of and interest on the Bonds. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Districts' Eligibility for State Debt Service Assistance" herein.)

Purpose and Sources and Application of Funds

The Elementary District Project. The Elementary District Project will consist of (i) paying all or a portion of the costs of demolishing the existing Kessler School building and designing, constructing, furnishing, and equipping a new Kessler School building in replacement thereof sized to accommodate student enrollment and making associated site and other improvements; related improvements and costs, including, but not limited to, transition costs; and (ii) paying costs associated with the sale and issuance of the Elementary District Bonds.

The High School District Project. The High School District Project will consist of (i) paying all or a portion of the costs of addressing student safety, deficient facilities, and developing contemporary, appropriate, and safe high school learning and athletic environments, to include (a) demolishing the existing Helena High School building and designing, constructing, furnishing, and equipping a new Helena High School building in replacement thereof, along with associated improvements, including constructing new student job training Career and Technical Education (CTE) instructional spaces configured to enhance student/staff safety and security by being attached to the main building; incorporating various features into the new Helena High School building, including a secure and visible main entrance for students and the community, an auxiliary gymnasium, performing arts space, a central

* Preliminary; subject to change.

kitchen, and instructional space for the Project for Alternative Learning (PAL); making site improvements, including an instructional and playing field complex (football/track and field) and parking and traffic flow enhancements; and related improvements and costs, including, but not limited to, transition costs; and (b) demolishing portions of the existing Capital High School building and designing, constructing, equipping, and furnishing improvements to portions of the Capital High School building and campus, including constructing new student job training CTE instructional spaces configured to enhance student/staff safety and security by being attached to the main building; constructing improvements to the Capital High School building, including secure main student entrances, an auxiliary gymnasium, expanded student commons and cafeteria spaces, improvements to general academic areas, and updated performing arts space; making site improvements, including reconfiguring parking spaces and points of access and reconfiguring and updating athletic and instructional playing fields (football/track and field); and related improvements and costs; and (ii) paying costs associated with the sale and issuance of the High School District Bonds.

The Projects. The Elementary District Project and High School District Project will be collectively referenced herein as the "Projects." Construction on the Elementary District Project commenced in the fall of 2025 and is expected to be completed by the fall of 2028. Construction on the High School District Project commenced in the fall of 2025 and is expected to be completed by the fall of 2030.

The Elementary District has determined to proceed with the issuance of the Elementary District Bonds in the principal amount of $11,500,000* as the second and final series of bonds to be issued under the Elementary District Bond Authorization.

The High School District has determined to proceed with the issuance of the High School District Bonds in the principal amount of $80,000,000* as the second series of bonds, and expects to issue up to $30,000,000* in principal amount of the Projected High School Bonds in calendar year 2028.

* Preliminary; subject to change.

Sources and Uses of Funds. The estimated sources and application of funds are shown in the table that follows.

	Elementary District		
Sources of Funds:	Elementary 2025 Bonds	The Elementary District Bonds[1, 2]	Total[1]
Principal Amount of the Bonds	$31,500,000.00	$11,500,000.00	$43,000,000.00
Net Original Issue Premium	2,962,702.85		
Total Sources of Funds	$34,462,702.85	$	$
Application of Funds:			
Deposit to the Project Fund Account	$34,207,741.48	$	$
Costs of Issuance of the Bonds[3]	254,961.37	$	$
Total Application of Funds	$34,462,702.85	$	$

[1] Preliminary; subject to change.
[2] Final amounts will be included in the Official Statement.
[3] Includes Bond Counsel fees, Underwriter's discount, costs of printing and distributing the Preliminary and final Official Statements, initial Registrar fees, dissemination agent fees, rating agency fees, bond insurance premium, and other related fees and expenses.

DRAFT

	High School District			
Sources of Funds:	High School 2025 Bonds	The High School District Bonds[1, 2]	Projected High School Bonds[1]	Total[1]
Principal Amount of the Bonds	$130,000,000.00	$80,000,000.00	$30,000,000.00	$240,000,000.00
Net Original Issue Premium	9,592,312.45			
Total Sources of Funds	$139,592,312.45	$	$	$
Application of Funds:				
Deposit to the Project Fund Account	$138,673,578.32	$	$	$
Costs of Issuance of the Bonds[3]	918,734.13	$	$	$
Total Application of Funds	$139,592,312.45	$	$	$

[1] Preliminary; subject to change.
[2] Final amounts will be included in the Official Statement.
[3] Includes Bond Counsel fees, Underwriter's discount, costs of printing and distributing the Preliminary and final Official Statements, initial Registrar fees, dissemination agent fees, rating agency fees, bond insurance premium, and other related fees and expenses.
[4] The High School District expects to issue the Projected High School Bonds in calendar year 2028.

MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING

General Description

Montana public schools are governed by local boards of trustees. Districts may be organized as elementary districts providing education for grades K-8, high school districts providing education for grades 9-12, or K-12 districts providing education for grades K-12 for a single unified area.

The current method of budgeting and financing operating and capital expenditures of school districts in the State of Montana ("Montana" or the "State"), as described herein, is the result of legislation adopted during a special session of the State's legislature in 1993, as amended by the ensuing legislative sessions. The school legislation enacted was in response to a Montana Supreme Court ruling that found the previous system of school funding to be not in accordance with the State Constitution. The stated legislative intent of the revised school funding laws was to create more equity in the budgets of Montana schools, more equity in the burden of Montana taxpayers for funding public education and a funding formula that equitably distributes the State's share of the costs for the basic system.

The State Legislature meets on a biennial basis and changes to the State's current methods of budgeting and financing operating and capital expenditures of school districts are proposed and may be enacted during each legislative session.

2025 Decennial Study of School Funding In Montana. Montana law provides that a thorough examination of Montana school funding is conducted every ten years by select members of the Montana Legislature (the "School Funding Interim Commission"). Together, the Montana Quality Education Coalition ("MQEC") and Coalition of Advocates for Montana Public Schools ("CAMPS") have drafted K-12 school funding considerations for review by the study group. The School Funding Interim Commission provided its final report dated September 1, 2026 to the 70th Montana Legislature for consideration during the upcoming session that will commence January 4, 2027.

Potential Litigation Regarding Funding of Montana Public Schools. In late September 2025, the trustees of Missoula County Public Schools voted unanimously to join a potential forthcoming lawsuit against the State regarding school funding. As of the date of this document, no lawsuit has been filed.

DRAFT

History of Certain Litigation Regarding Funding of Montana Public Schools. In *Columbia Falls Sch. Dist. v. State*, 2005 MT 69 (the "Columbia Falls Litigation"), the Montana Supreme Court held that the State's system of funding public education violated the Montana Constitution in that, among other things, it failed to provide adequate funding for Montana public schools. The Montana Legislature was required to remedy the constitutional infirmity.

After regular and special legislative sessions in 2005 and 2007 in which legislation was enacted addressing some of the concerns raised by the Montana Supreme Court and additional funding was provided for public schools, the Columbia Falls Litigation resumed, with the plaintiffs requesting further supplemental relief in February 2008. On December 15, 2008, the Montana First Judicial District Court, Lewis and Clark County, issued an order in which it declined to award any supplemental relief to the school districts, finding that sufficient progress in regard to defining and funding public education had been made by the State. That order was not appealed. Although the Columbia Falls Litigation has not been renewed and the District Court's December 15, 2008 order denied the plaintiffs the relief they sought, the District Court did invite the plaintiffs to monitor the State's continued compliance with the Montana Supreme Court's holding in the Columbia Falls Litigation. School districts and school district associations have indicated they will closely monitor the adequacy of funding provided by the State for Montana public schools.

On November 18, 2011, the Montana Quality Education Coalition ("MQEC"), a coalition of member State public schools and educational organizations, filed suit against the State for failing to comply with statutorily mandated inflationary adjustments. In a consent decree entered on April 4, 2012, the State agreed that school districts' budget limitations for general fund budgets, including each school district's BASE budget, maximum general fund budget and general fund budget without a vote would be adjusted using a 2.43% inflation factor on the basic and per-ANB entitlements for fiscal year 2013.

The 2015 Legislature increased the basic entitlements for public schools by approximately 25.0% for elementary schools, approximately 25.0% for middle schools and approximately 3.4% for high schools and per-ANB entitlements were increased by approximately 2.3% for each type of school, effective for fiscal year 2015/16.

Shown below are the inflation factors established at the current and past three legislative sessions and applied to certain entitlements and payments described as follows. The entitlements and payments impacted by the inflation factor include basic entitlements, per-ANB entitlements, Quality Educator and Qualified Staff payment, the Indian Education for All payment, the American Indian Achievement Gap payment, the Data for Achievement payment, the Future Ready Payment (will commence in fiscal year 2028), and the special education allowable cost payment (an addition pursuant to HB 46 (defined herein)). (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING — Legislative Session Highlights" herein.)

	2021 Biennium		2023 Biennium		2025 Biennium		2027 Biennium	
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Inflation Factor	0.91%	1.83%	1.50%	2.57%	2.70%	3.00%	3.00%	3.00%
Legislative Session	2019	2019	2021	2021	2023	2023	2025	2025

Accounting and Budgeting. The accounting systems of public school districts are organized on a fund basis. Each fund must be accounted for separately so that its resources, obligations, revenue and expenditures are kept apart from other funds. A budgeted fund is a fund for which the board of trustees must officially adopt a budget in order to expend money from such fund. Currently, there are 11 budgeted funds for school districts.

A non-budgeted fund is any fund for which an official budget is not required to be adopted in order to expend money on deposit in the fund, such as a Building Fund for purposes of accounting for bond proceeds.

The average number belonging ("ANB") is the official enrollment count for Montana schools for budget purposes. ANB is calculated by taking the average of the number of regularly enrolled full-time pupils enrolled as of both the first Monday in each of October and February (or the next school day if those dates do not fall on a school day), multiplying this number by the number of student instruction days (180 days) plus pupil instruction related ("PIR") days (7 days), and dividing the resulting product by the number of student instruction days. The determined ANB is used for budgeting purposes for the ensuing fiscal year. School districts may use the higher of the budget year ANB or the three-year average ANB for budgeting purposes.

General obligation bonds issued by school districts to finance capital improvements are payable from a local property tax appropriated to a budgeted fund called the Debt Service Fund. The State may provide debt service assistance to districts with a mill value per ANB that is less than the statewide Facility Guaranteed Mill Value per ANB for a portion of the debt service on such bonds, subject to the amounts available, if any, or appropriated by the Legislature, if any.

General Fund. The General Fund is used to finance instructional, administrative, facility maintenance, and other operational costs of a district not financed by other funds established for special purposes. As described herein, in an effort to equalize school funding in Montana, state law requires schools to adopt general fund budgets with an equalized range between the BASE (minimum budget) and maximum budget.

The primary sources of funding for public education in the State are State, county and local property tax levies. State and county levies are collected and allocated to districts on an equalized basis. All districts receive direct state aid for a portion of their General Fund budget. A district is also eligible to receive guaranteed tax base aid from the State in support of a portion of its General Fund budget if the district's ratio of taxable valuation to direct state aid received in the current budget year is less than the ratio of statewide taxable valuation to total direct state aid for General Fund budgets.

The county treasurer of each county levies 33 mills for the elementary BASE funding and 22 mills for the high school BASE funding, known as the 55 BASE mills. Another statewide mill levy is the 40 mill State Equalization Aid Levy. The 55 BASE mills together with the 40 Equalization mills are known as the 95 statewide mills. The county treasurer is required to remit 100% of these collections to the State Treasurer for purposes of reallocating state equalization funding to individual districts.

Total general fund budgets for school districts in Montana as of 2025/26 were about $1.385 billion. Of this amount, the State funded about $1.0 billion or approximately 72.7% of total general fund budgets for school districts. For comparison, in fiscal year 1991, the State's share of district general fund revenue was 72.7%.

(The remainder of this page intentionally left blank.)

DRAFT

The following table shows the total general fund budget for all districts and the sources of revenue for such general fund budgets since fiscal year 2021/22. Totals may not foot due to rounding.

Revenue Sources for General Fund Budgets
(aggregate totals for all school districts)

	Fiscal Year				
	2021/22	2022/23	2023/24	2024/25	2025/26
Revenues					
State Sources	$832,497,920	$870,474,176	$873,681,133	$922,016,275	$1,006,941,278
Local Property Tax	348,643,909	350,187,950	369,766,826	354,181,185	346,083,652
Non-Levy Sources	10,357,402	9,779,306	15,517,797	17,317,265	28,116,871
Reappropriation[1]	4,241,759	3,682,430	5,462,887	5,139,805	4,054,499
Total Revenue	$1,195,740,990	$1,234,123,862	$1,264,428,642	$1,298,654,529	$1,385,196,300
Expenditures					
General Fund Budgets	$1,195,656,033	$1,234,059,815	$1,264,365,984	$1,298,708,890	$1,385,171,631
Total Expenditures	$1,195,656,033	$1,234,059,815	$1,264,365,984	$1,298,708,890	$1,385,171,631
Excess of Rev. Over Exp.	$84,957	$64,046	$62,658	$(54,360)	$24,669
% of Revenue from State	69.6%	70.5%	69.1%	71.0%	72.7%

[1] The amount in the general fund that may be reappropriated is capped at 15% of the maximum general fund budget.

Source: OPI Recap of All School District General Fund Budgets

The State's share includes the 95 statewide mills revenues derived from school trust lands and other state tax revenues. In 2024/25, there was a dispute regarding the 95 mills that stemmed from the State's historic property valuation growth as a result of the 2023 Department of Revenue reappraisal of Montana properties whereby the total Statewide assessed value grew by 39.4%, the Statewide taxable value grew by 29.6%, and the median residential property assessed value grew by an average of approximately 46%. Following the large jump in property values there was controversy over whether Montana counties should levy the full 95 mills for School Equalization as traditionally levied or a lower to 77.89 mills to account for revenue increases due to the revaluations. Proponents of a reduction in the 95 mills referenced Montana tax cap statutes that limit growth in local government collections that they believed should also apply to the 95 mills. On November 22, 2023, the Montana Supreme Court ruled that counties must levy the full 95 mills.

The local share includes property taxes levied for schools by the district or the county, as well as other district and county revenue. Block grants are State payments to districts and county education accounts to reimburse these funds for revenues that now flow to the State.

Specific provisions of the methods for budgeting and funding public education in the State are summarized in following sections. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Operating Expenditures and Budgeting" herein.)

Legislative Session Highlights

Litigation Regarding SB 542. On January 21, 2026, three State of Montana Senators filed a complaint with the Gallatin County District Court against the State of Montana and the Montana Department of Revenue seeking that the court declare that Senate Bill 542 ("SB 542"), which was passed by the 2025 Legislature, violated the Montana Constitution. The Plaintiffs claim that the legislative process that culminated in the passage of SB 542 violated two components of the State Constitution: (i) the original purpose requirement set forth in Article V, Section 11(1) of the Montana Constitution; and (ii) the single

DRAFT

subject requirement set forth in Article V, Section 11(4) of the Montana Constitution. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – General Description – Litigation Regarding 2025 Legislative Changes to Property Tax Rates from SB 542" herein.)

Just prior to adjournment, the 2025 Legislature passed House Bill 231 ("HB 231") and SB 542, with both bills having similar language and coordination requirements. SB 542 and HB 231, in coordination, among other things, revise Class 4 residential and commercial property tax rates, lower tax rates for certain long-term rentals, lower the tax rate for a portion of Class 4 commercial property, provide a property tax rebate on a principal residence, lower Class 3 agriculture property tax rates, and provide application and eligibility requirements and processes for appealing or providing for a refund for failure to apply for and claim the Homestead Reduced Tax Rate.

The Districts are unable to predict the outcome of such litigation; if the Plaintiffs were to prevail, the effect on the State's system of property taxes; or the effect it may have on the Districts, property values, or retroactive or future changes to the State property tax system. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – 2025 Legislative Session Highlights – SB 542 and 231" and "–The Montana Property Tax System" herein.)

2025 Legislative Session Highlights. The State Legislature meets on a biennial basis and the 69th Legislature adjourned April 30, 2025. Changes to the State's current methods of budgeting and financing operating and capital expenditures of school districts are proposed and may be enacted during each legislative session. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – The Montana Property Tax System – 2024 Property Tax Task Force" herein.)

As a result of the State's historic property valuation growth, the 2023 Department of Revenue ("DOR") reappraisal of Montana properties resulted in total Statewide assessed value growing by 39.4%, the Statewide taxable value grew by 29.6%, and the median residential property assessed value growing by an average of approximately 46%. This growth resulted in a shift in property tax burden to residential property from other classes of property. Governor Gianforte launched a property tax task force (the "Property Tax Task Force") on January 11, 2024, to provide recommendations to reform the State's property tax system and reduce the burden on property taxpayers. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – The Montana Property Tax System – 2024 Property Tax Task Force" herein.)

2025 HB 15. The 2025 Legislature passed House Bill 15 ("2025 HB 15"), which was signed by the Governor on April 1, 2025, to help schools manage operational costs and adjust to inflation. 2025 HB 15 provides for inflationary adjustments to the school funding formula components, which will increase the K-12 Base Aid by approximately $52.1 million over the next two fiscal years (2025/26 and 2026/27), with high schools seeing the largest increase (approximately $20,000 to base budgets annually) and elementary schools receiving incremental funding adjustments based on enrollment. 2025 HB 15 increases the basic entitlements, per-ANB entitlements, Quality Educator and Qualified Staff payment, the Indian Education for All payment, the Total American Indian Achievement Gap payment, and the Total Data for Achievement payment for public schools by an inflation factor of 3.00% for fiscal year 2025/26 and an inflation factor of 3.00% for fiscal year 2026/27. Pursuant to 2025 HB 15, the Natural Resource Development ("NRD") Facility Payment is estimated to be $12.4 million in fiscal year 2025/26 and $12.3 million in fiscal year 2026/27. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Operating Expenditures and Budgeting" herein.)

2025 HB 2. The 2025 Legislature passed House Bill 2 ("2025 HB 2"), which is the primary appropriation bill. 2025 HB 2 appropriates (i) $1,029,386,349 in fiscal year 2026 and $1,094,947,576 in fiscal year 2027 for K-12 base aid, (ii) $16,000,000 in fiscal year 2026 and $17,093,051 in fiscal year 2027 for debt service assistance, and (ii) $22,895,443 in fiscal year 2026 and $27,477,381 in fiscal year 2027 for State

School Major Maintenance Aid (defined herein). (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Districts' Eligibility for State Debt Service Assistance" herein.)

HB 156. The 2025 Legislature passed House Bill 156 ("HB 156") that provides for replacing the school district base levy with a countywide levy to support the BASE budgets. Provisions in HB 156 commenced with fiscal year 2025/26. The calculation of guaranteed tax base is applied to the new countywide base levy, along with adjustments to tuition, non-levy revenue and modifying duties of certain positions of a district and the county treasurer. Commencing in fiscal year 2026/27, HB 156 requires that the levies to support the BASE Budget (described herein) are countywide levies for all school districts in a county (the "Countywide BASE Funding"). There are countywide levies for (i) elementary equalization (33 mills); (ii) high school equalization (22 mills); (iii) transportation; (iv) retirement; (v) Countywide Base Funding; and (vi) any other countywide tax for schools (including community colleges). For districts that are located in more than one county, the guaranteed tax base budget is prorated to each county in the same proportion as district ANB is by pupil residence in each county.

Commencing in fiscal year 2025/26, GTB Aid is comprised of direct state aid for the first 44.7% of a school district's General Fund Entitlement; the total Quality Educator and Qualified Staff payment; total At-Risk Student payment; total Indian Education for All payment; total American Indian Achievement Gap payment; the Future Ready Payment (will be effective for fiscal year 2027/28); and State Special Education Allowable Cost payment. The "BASE Budget" for a school district's minimum General Fund budget will continue to be equal to 80% of the Basic Entitlement, 80% of the Per-ANB Entitlement, 100% of the Quality Educator and Qualified Staff payment, 100% of the At-Risk-Student payment, 100% of the Indian Education for All payment, 100% of the American Indian Achievement Gap payment, 100% of the Data for Achievement payment created by SB 175 during the 2013 legislature, and 140% of the Special Education Allowable Cost payment, which collectively is called the "BASE Budget."

Commencing in fiscal year 2025/26, the "BASE budget levy funding revenue requirement" is the district levy amount calculated in support of the BASE budget of a district, which is funded by the Countywide BASE funding levy (not each district) for BASE funding support and may be supplemented by guaranteed tax base aid if the county is eligible under the provisions of 20-9-366 through 20-9-369 MCA.

HB 483. House Bill 483 ("HB 483") was passed by the 2025 Legislature and requires that the Office of Public Instruction ("OPI") and the DOR collaborate to mitigate effects from the reappraisal of property and the potential growth in collections related to the 95 state equalization mills. Pursuant to HB 483, the 95 statewide mills for equalization (i.e., 33 mills for the elementary BASE funding, 22 mills for the high school BASE funding, and 40 mills for State Equalization Aid Levy) and the 1.50 vocational-technical education mills are set and remain at these specific numbers and will not be subject to adjustments provided for in 15-10-420 MCA. HB 483 also revises the school district and retirement guaranteed tax base multiplier in fiscal year 2025/26 only. If taxable values decrease due to the property tax legislation passed at the 2025 legislative session such that the 95 mills produce less than a certain dollar amount, the State is required to make distributions to address the shortfalls in fiscal years 2027 through 2029, including distributions to fund county retirement GTB and BASE aid. Finally, HB 483 will have the effect of increasing the on-schedule reimbursement rates and adjusts the portion of pupil transportation reimbursement paid by the State and the county.

HB 252/STARS Act. House Bill 252 ("HB 252"), passed by the 2025 Legislature, is referred to as the "Student and Teacher Advancement for Results and Success Act" (the "STARS Act") and provides approximately $100 million of State funds towards teacher base pay incentive and the Quality Educator and Qualified Staff payments. The STARS Act updates and redefines the quality educator component to include a qualified staff component and defines the additional full-time equivalents ("FTE") that will qualify, which will referred to as the "Quality Educator and Qualified Staff" payment as a part of the school funding formula. HB 252 also establishes the "Future Ready Payment" as a new component to the

school funding formula, provides for the maximum budget limitation to be increased to accommodate a housing cost budget authority allowance if certain conditions are met, and provides for the creation of a school funding data dashboard.

HB 252 provides additional school funding incentives to increase base salaries for teachers for educational entities, which includes public schools, public education cooperatives, Montana School for the deaf and blind, certain correctional facilities, and the Montana Youth Challenge program. To qualify for the teacher base salary incentive, the teacher base pay in the applicable year must be (i) equal to 11 times the Quality Educator and Qualified Staff payment and (ii) not less than the applicable percentage (as detailed in State law) of average teacher salary for the school (currently 62% for fiscal year 2026, 64% for fiscal year 2027, 66% for fiscal year 2028, 68% for fiscal year 2029, and 70% for fiscal year 2030 and subsequent fiscal years). A school that meets the requirements for the teacher base salary incentive will receive a Quality Educator and Qualified Staff payment that is double the base Qualified Educator and Qualified Staff payment. A school that qualified for the enhanced Quality Educator and Qualified Staff payments in a fiscal year will retain such qualification until the school district fails to qualify for two consecutive years, at which time the school will have to reestablish eligibility. If a school district meets the goal for the teacher base pay incentive and is located in a county where the assessed/market value of residential property meets certain criteria, the school district will be allowed to increase the maximum budget limit, which increase is limited to expenditures for housing stipends for employees, construction/purchase of district owned housing for employees, rental assistance for employees, down payment assistance for the purchase of a primary residence by an employee, and other employee housing related costs described in State law.

The Future Ready Payment, with the first payment to commence in fiscal year 2028, are incentive payments to school districts on three levels: (i) high school graduates who earned 15 or more post-secondary or CTE-equivalent credits while in high school; (ii) high school graduates who earned 30 or more post-secondary or CTE-equivalent credits while in high school; and (iii) high school graduates who earned an associate-level degree while in high school The Future Ready Payment will be included in the BASE aid and the Base and Maximum budget limitations. The Future Ready Payment is intended to (i) expand career and technical education opportunities; (ii) reduce out-of-pocket costs for families; (iii) empower students to engage in a post-secondary path; (iv) provide flexibility to school districts to support a student's post-secondary path. The STARS Act also includes approximately $100,000 per year to assist school districts maintain collegiate and career centric offerings through the State's existing Advanced Opportunities grant program.

HB 924. House Bill 924 ("HB 924"), passed by the 2025 Legislature, creates a new trust to be referred to as the Montana Growth and Opportunity Trust (the "Trust"), which will have a distribution portion and a reinvestment portion. The reinvestment portion is comprised of a pension fund and housing fund. Pursuant to HB 924, $30 million in fiscal year 2025 and $50 million in fiscal year 2026 will be transferred from the State General Fund to the pension fund held in the Trust. HB 924 also increased the employer's supplemental contribution rate to the Teacher's Retirement System ("TRS") and Public Employees' Retirement System ("PERS") by 0.10% each year for 20 years beginning July 1, 2027 through June 30, 2047 (or fiscal years 2027/28 through 2046/47). It is estimated that the increased contributions will reduce the amortization period for the unfunded actuarial accrued liability from 21 years to 19 years for TRS and from 27 years to 22 years for PERS.

SB 542 and HB 231. The 2025 Legislature passed House Bill 231 ("HB 231") and Senate Bill 542 ("SB 542"), with both bills having similar language and coordination requirements. SB 542 and HB 231, in coordination, among other things, revise Class 4 residential and commercial property tax rates, lower tax rates for certain long-term rentals, lower the tax rate for a portion of Class 4 commercial property, provide a property tax rebate on a principal residence based on tax year 2024 property paid, lower Class 3 agriculture property tax rates, and provide application and eligibility requirements and processes for

appealing or providing for a refund for failure to apply for and claim the Homestead Reduced Tax Rate. Based on the fiscal note for SB 542 (which doesn't account for coordination with HB 231), it is expected that SB 542 changes will cause the statewide taxable value to decrease by approximately 8.4% ($438 million) in fiscal year 2026 (tax year 2025) and by approximately 12.1% (approximately $606 million) in fiscal year 2027 (tax year 2026) compared to prior law projections, which changes will adjust the general fund guaranteed tax base aid multiplier. Actual effects may vary materially statewide and for each local government or taxing jurisdiction. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – General Description – Litigation Regarding 2025 Legislative Changes to Property Tax Rates from SB 542" herein.)

SB 542 provides for a $400 rebate for tax year 2024 property taxes paid for a property that was owner-occupied as a principal residence, as well as certain long-term rentals that meet the requirements. If a property qualifies for the rebate, the property will automatically qualify for the "Homestead Reduced Tax Rate" that will commence for tax year 2026, otherwise a property owner will need to apply for such Homestead Reduced Tax Rate. Once a property is approved for the Homestead Reduced Tax Rate, the qualification will remain until (i) there is a change in ownership of the property; (ii) the owner no longer utilizes the property as the principal residence; (iii) the owner applies for the Homestead Reduced Tax Rate for a different principal residence; (iv) the property is no longer a long-term rental rented to tenants as a dwelling; (v) the lease changes and the property is no longer a qualified long-term rental; (vi) the property owner of a long-term rental fails to reapply; or (iv) the Homestead Reduced Tax Rate is terminated.

Commencing in tax year 2026, SB 542 creates three groups of Class 4 Residential property: (1) primary residences and long term rentals (that qualify for the Homestead Reduced Tax Rate); (2) residential improvements on qualified agricultural land (tax rate of 1.35%) (that do not qualify for the Homestead Reduced Tax Rate); and (3) all other residential property (tax rate of 1.90%).

For comparison, changes enacted during the 2015 legislative session assigned Class 4 residential property a tax rate of 1.35% for assessed values up to $1.5 million and a tax rate of 1.89% for the portion of assessed values over $1.5 million. Class 4 commercial property was assigned a tax rate of 1.89%, except for golf courses that had a tax rate of 0.945%.

SB 542, as amended by HB 231, provides for tax year 2025 to be a transition year in advance of the new tax rate tiers taking effect in tax years 2026 and beyond that are to be based on the State (i) median residential value ("MRV") for a residential property and (ii) median commercial and industrial value ("MCIV") for commercial and industrial property. The Montana Department of Revenue (the "Department of Revenue" or the "DOR") will calculate the MRV and MCIV every two years as a part of the two-year reappraisal process. Tax year 2025 is a reappraisal year and was used to calculate the MRV and MCIV used for tax year 2026. The MRV for Class 4 residential property was estimated to be approximately $360,000 when calculating the impact of SB 542, as amended by HB 231, which is subject to change based on the 2025 reappraisal. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – General Description – Litigation Regarding 2025 Legislative Changes to Property Tax Rates from SB 542" herein.)

For more information on the current Class 4 residential and commercial property tax rates, see the section "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – The Montana Property Tax System – Class Four Property Tax Rates" below.

Class 3 agriculture land is taxed at a tax rate of 2.05% (was 2.16%) of its assessed/market value, which is determined by the productive value according to State law.

DRAFT

SB 542, as amended by HB 231, also affects local governments operating under a charter form of government that fixes mill levy limits of a specific number of mills. Under SB 542, as amended by HB 231, without revising the charter, a local government may levy in fiscal year 2026 (and subsequent years) the number of mills that will generate the same amount of property tax revenue generated in fiscal year 2025. A taxing entity that has a mill levy that was authorized as a specific number of mills prior to the enactment of SB 542 may (i) elect to transition the mill levy to a dollar-based levy equal to the amount of property tax assessed in fiscal year 2025 and thereafter or (ii) levy the number of mills in fiscal year 2026 (and subsequent years) that will generate the amount of property tax assessed in fiscal year 2025. In fiscal years after 2026, the local government may levy an amount not to exceed the number of mills levied in fiscal year 2026.

SB 542 may also affect the guaranteed tax base aid for an eligible school district general fund guaranteed tax base aid calculations. Based on the fiscal note for SB 542 (which doesn't account for coordination with HB 231), it is expected that SB 542 changes will cause the statewide taxable value to decrease by approximately 8.4% ($438 million) in fiscal year 2026 (tax year 2025) and by approximately 12.1% (approximately $606 million) in fiscal year 2027 (tax year 2026) compared to current law projections, which changes will adjust the general fund guaranteed tax base aid multiplier. Actual effects may vary materially statewide and for each local government or taxing jurisdiction. The school district guaranteed tax base aid multiplier is to be 259% for fiscal year 2025 and thereafter. An additional adjustment to the guaranteed tax base aid multiplier is to occur when the revenue from the 95 mills for the ensuing year is projected to be more than $2 million less than the prior year. The county guaranteed tax base multiplier for county retirement is also expected to be impacted by the taxable value changes.

Prior Legislative Session Highlights. *2023 Legislative Session Highlights.* 2023 House Bill 15 ("2023 HB 15") adopted by the 2023 Legislature increased the basic entitlements, per-ANB entitlements, Quality Educator payment, the Indian Education for All payment, the Total American Indian Achievement Gap payment, and the Total Data for Achievement payment for public schools.

House Bill 36 ("HB 36") adopted by the 2023 Legislature, revised funding laws related to enrollment increase and eliminated the current means for funding anticipated unusual enrollment increases. HB 36 creates a significant enrollment increase ("SEI") payment. To be eligible for a SEI payment, a district's October enrollment count converted to ANB must exceed the budget limitation ANB for the fiscal year three years prior by 110%. OPI must determine each year by December 1 following the October enrollment count if a school district qualifies for an SEI payment and notify such school districts by December 15 of eligibility. The SEI payment amount is determined by a formula described in State law and takes into consideration an 'absorption factor' for the school district.

House Bill 549 ("HB 549") and House Bill 562 ("HB 562") both establish the ability for charter/community choice schools, if created, to be eligible for state funding. Schools established under HB 549 would be subject to general supervision by the Board of Public Education and a local governing board, whereas schools established under HB 562 are only subject to supervision of a local governing board.

2021 Legislative Session Highlights. House Bill 192 ("HB 192") amended laws related to school major maintenance funding.

2019 Legislative Session Highlights. House Bill ("HB 159") enacted by the 2019 Legislature revised the NRD Facility Payment and set forth the legislature's intention with respect to general fund appropriations to support State School Major Maintenance Aid (defined herein).

2017 Legislative Session Highlights. Senate Bill 307 ("SB 307") renamed the "State Advance and Reimbursement for School Facilities Program" the "Debt Service Assistance Program", created a State revenue account program for major maintenance aid for schools (the "State School Major Maintenance Aid Account"), allows a school district to levy the Permissive Maintenance Levy for school maintenance and

improvements as described herein in the section "State School Major Maintenance Aid" and further detailed in State law.

House Bill 647 ("HB 647") redirected Oil and Natural Gas production taxes ("O&G Taxes") that are not eligible to be retained by school districts to the State special revenue account (the "State Guarantee Account"), which is the initial source of funding for K-12 Base Aid. All realized capital gains and all distributable revenue must be deposited in the State Guarantee Account and may be appropriated only for K-12 public education purposes. The State Guarantee Account is intended to (i) stabilize the long-term growth of the permanent fund; and (ii) maintain a constant and increasing distributable revenue stream. Revenues in the State Guarantee Account are statutorily appropriated. Any excess revenue (in excess of $56 million) in the State Guarantee Account that is not distributed is to be transferred to the State School Major Maintenance Aid Account.

Senate Bill 260 ("SB 260") created a school facilities fund within the State's Coal Severance Tax Trust Fund. Commencing July 1, 2017, 75% of the amount in the State's Coal Severance Tax Trust Fund in excess of the amount necessary to meet all debt service payments in the coming year is transferred to the school facilities fund. The available earnings from the school facilities fund are transferred monthly to the State School Major Maintenance Aid Account created by SB 307 to meet the amount required for such payments. Once the balance in the school facilities fund is equal to at least $200 million, the transfers to the school facilities fund will cease commencing with the next quarter, and the amount that had been transferred to the school facilities is to be transferred to and retained in the coal severance permanent fund.

Operating Expenditures and Budgeting

General Fund Entitlement. Current school funding laws establish minimum and maximum operating budget levels that must be met by the board of trustees of a district in setting annual general fund budgets. The formula for calculating the allowable budgeting parameters for a district is based on a fixed basic entitlement plus an entitlement for each student enrolled in the district and certain adjustments for the costs of special education (the "General Fund Entitlement"). The 2025 Legislature and 2023 Legislature, pursuant to 2025 HB 15 and 2023 HB 15, respectively, increased the basic entitlements, per-ANB entitlements, Quality Educator and Qualified Staff payment, the Indian Education for All payment, the American Indian Achievement Gap payment, and the Data for Achievement payment for public schools by an inflation factor of 2.70% for fiscal year 2023/24, 3.00% for fiscal year 2024/25, 3.00% in fiscal year 2025/26, and 3.00% for fiscal year 2026/27. HB 46 adopted by the 2021 Legislature adds the special education allowable cost payment as a component of BASE aid to be increased by the inflation factor described above, with the inflationary increases that will commence in the 2025 Biennium. HB 252 adopted by the 2025 Legislature adds the Future Ready Payment as a payment and component of the BASE Aid formula that will commence in fiscal year 2028. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights" herein.)

Basic Entitlement. According to OPI, for fiscal year 2026/27, the fixed per-student basic entitlement: for K-6 elementary schools is equal to $62,554 (was $60,732 for fiscal year 2025/26) and for each succeeding fiscal year, plus $3,128 for fiscal year 2026/27 (was $3,037 for fiscal year 2025/26) and for each succeeding fiscal year) for each additional 25 ANB over 250; for 7-8 middle schools is equal to $125,110 for fiscal year 2026/27 (was $121,466 for fiscal year 2025/26) and for each succeeding fiscal year, plus $6,255 for fiscal year 2026/27 (was $6,073 for fiscal year 2025/26) and for each succeeding fiscal year for each additional 45 ANB over 450; and for 9-12 high school districts is equal to $375,333 for fiscal year 2026/27 (was $364,401 for fiscal year 2025/26) and for each succeeding fiscal year, plus $18,765 for fiscal year 2026/27 (was $18,221 for fiscal year 2025/26) and for each succeeding fiscal year for each additional 80 ANB over 800. This basic entitlement is added to the per-ANB entitlement described below to calculate the total General Fund Entitlement.

Per-ANB Entitlement. According to OPI, for fiscal year 2026/27 for students in kindergarten through sixth grade, the per-ANB budgetary entitlement is $6,691 (was $6,496 for fiscal year 2025/26) and for each succeeding fiscal year for the first student, which amount is decreased by $0.20 for each additional student through the 1,000th student. For fiscal year 2026/27, each student in kindergarten through sixth grade beyond 1,000 increases the district's budgetary entitlement by $6,491.20 (was $6,296.20 for fiscal year 2025/26) and for each succeeding fiscal year.

For fiscal year 2026/27, a district's per-ANB budgetary entitlement for the first seventh and eighth grade student is $8,567 (was $8,317 fiscal year 2025/26) and for each succeeding fiscal year, which amount is reduced by $0.50 for each additional student through the 800th student. For fiscal year 2026/27, each student in seventh and eighth grade after 800 provides an incremental $8,167.50 (was $7,917.50 for fiscal year 2025/26) and for each succeeding fiscal year of budgetary authority.

For a high school district for fiscal year 2026/27, the per-ANB budgetary entitlement is $8,567 (was $8,317 for fiscal year 2025/26) and for each succeeding fiscal year for the first student, which amount is decreased by $0.50 for each additional high school student up through the 800th student. For fiscal year 2026/27, each student in high school beyond 800 increases the high school district's budgetary entitlement by $8,167.50 (was $7,917.50 for fiscal year 2025/26) and for each succeeding fiscal year.

General Fund Budget. The Maximum General Fund Budget is defined as the General Fund Entitlement formula described above, plus the Quality Educator and Quality Staff payment (redefined and expanded by HB 252 during the 2025 Legislature), the At-Risk-Student payment, the Indian Education for All payment, the American Indian Achievement Gap payment, the Data for Achievement payment, the total Future Ready Payment (added by HB 252 during the 2025 legislature and commencing in fiscal year 2028), and the greater of the district's Special Education Allowable Cost payment multiplied by (1) 175% or (2) the ratio of the district's Special Education Allowable Cost expenditures to the district's Special Education Allowable Cost payment for the fiscal year 2 years prior, with a maximum allowable ratio of 200%.

Districts use either the current year ANB or the 3-year average ANB ("Budget Limit ANB") to generate the greatest Maximum General Fund Budget. The minimum General Fund budget of a district is equal to 80% of the Basic Entitlement, 80% of the Per-ANB Entitlement, 100% of the Quality Educator payment, 100% of the At-Risk-Student payment, 100% of the Indian Education for All payment, 100% of the American Indian Achievement Gap payment, 100% of the Data for Achievement payment created by SB 175 during the 2013 legislature, 100% of the Future Ready Payment created by HB 252 during the 2025 legislature that will commence in fiscal year 2028, and 140% of the Special Education Allowable Cost payment, which is called the "BASE Budget."

The trustees of a district may adopt a General Fund budget up to the Maximum General Fund Budget or the previous year's General Fund budget, whichever is greater. HB 252, passed by the 2025 legislature, provides for the maximum budget limitation to be increased to accommodate a housing cost budget authority allowance if certain conditions are met. For purposes of calculating the previous year's General Fund budget, the trustees of a district may add any increase in state funding for the General Fund Entitlements to the district's previous year's General Fund budget. Whenever the trustees of a district propose to adopt a General Fund budget that exceeds the BASE budget (the "OverBASE" amount) but does not exceed the General Fund limitations as set by State law, including any increase in authorized local property taxes over revenue previously authorized by the electors of the district or imposed by the district in any of the previous 5 years, such OverBASE amount must be submitted to a vote of the electors of the district. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING –Legislative Session Highlights" and "THE DISTRICTS – General Fund Budget and Summary of Budgeted Funds" herein.)

DRAFT

Direct State Aid and Guaranteed Tax Base Aid. The State distributes direct State aid to school districts in the amount of 10% each month during the year (with the exception of June where 20% is distributed and the months of July, November, and May where no distribution is made). Guaranteed tax base aid is distributed by the State to eligible school districts in equal amounts in November and May of each year.

The amounts appropriated by the current and past five Legislatures for direct state aid and guaranteed tax base aid are shown in the following table.

Fiscal Year	Total Appropriations for Direct State Aid and Guaranteed Tax Base Aid (in millions)	Fiscal Year	Total Appropriations for Direct State Aid and Guaranteed Tax Base Aid (in millions)
2026/27[1]	$1,094.1	2020/21	$771.2
2025/26[1]	1,029.4	2019/20	751.3
2024/25	930.3	2018/19	740.1
2023/24	879.1	2017/18	707.7
2022/23	823.0	2016/17	650.6
2021/22	784.6	2015/16	635.4

[1] Amounts appropriated by the 2025 Legislature and are subject to change.

Applicable through Fiscal Year 2025/26. The first 44.7% of a school district's General Fund Entitlement is funded through direct state aid. The next 35.3% of the General Fund Entitlement is known as the Guaranteed Tax Base Aid Budget Area ("GTBA Budget Area") and is funded by a combination of the following sources: (i) fund balance reappropriated from the prior fiscal year, (ii) non-levy revenues (i.e., investment earnings, severance taxes, coal gross proceeds tax), (iii) local district property taxes, and (iv) State guaranteed tax base aid. The GTBA Budget Area is the portion of a district's BASE Budget after the following payments are subtracted: (a) direct state aid; (b) Data for Achievement payment; (c) Quality Educator and Qualified Staff payment; (d) total At-Risk Student payment; (e) total Indian Education for All payment; (f) total American Indian Achievement Gap payment; and (g) State Special Education Allowable Cost payment.

The State provides guaranteed tax base aid for the GTBA Budget Area to districts for which the ratio of taxable valuation to direct state aid received is lower than the ratio of statewide taxable valuation to total direct state aid for all districts. The State subsidizes the difference between an eligible district's ratio of taxable value to direct state aid and the statewide taxable value to direct state aid for all districts. The guaranteed tax base subsidy is available only for the GTBA Budget Area of the General Fund budget.

Applicable Commencing 2026/27 and Thereafter. The BASE funding revenue requirement for a district equals the district's final general fund budget less the (a) BASE Aid; (b) if applicable, the non-isolated BASE budget requirement met by a district levy. Other funds that reduce the BASE revenue requirement is the sum of (a) reappropriated general fund balance and (b) non-levy revenues (i.e., investment earnings, severance taxes, coal gross proceeds tax). If the BASE revenue requirement is less than the amount of the total funds that to reduce the BASE revenue requirement, such funds are applied to reducing the OverBASE levy.

The State provides guaranteed tax base aid to a county for which the ratio of the county elementary or high school guaranteed tax base ratio (the county taxable valuation divided by the sum to the GTB budgets for all elementary or high schools in the county) is lower than the statewide guaranteed tax base ratio for elementary or high school districts, respectively. If a county qualifies, the county may receive guaranteed tax base aid base on the number of mills levied for the Countywide BASE Funding Levy.

DRAFT

Elections

For Montana schools, there are different types of elections for different tax-related purposes. Historically these have been General Fund elections to increase the OverBASE tax levy, General Fund elections to adopt a budget that exceeds the Maximum General Fund Budget, elections to sell bonds, and elections for building reserve fund and technology fund tax levies. With the exception of the General Fund elections, which are annual levy elections held on the first Tuesday after the first Monday in May, all of the other elections described above can be held at any time and there is no restriction on running the elections more than one time as long as the proper election procedures are followed. In years when the legislature meets in a regular or special session that affects school funding, a school district may order an election on a date other than the first Tuesday after the Monday in May in order for the voters to consider a proposition requesting additional funding.

Districts' Eligibility for State Debt Service Assistance

Elementary District Eligibility for State Aid for Debt Service. Pursuant to State law, the Elementary District is currently eligible to receive debt service assistance from the State for a portion of its annual general obligation bond debt service requirements, because for fiscal year 2026/27 the mill value per ANB for the Elementary District (23.54) is less than the statewide Facility Guaranteed Mill Value per ANB (60.40) for elementary school districts according to the Montana Office of Public Instruction. The State average portion of the calculation is inflated by 40% so more school districts qualify for debt service assistance. ***The Elementary District will covenant to levy taxes on all taxable property in the Elementary District, so that the levy will raise sufficient funds to provide for the payment of principal of and interest on the Elementary District Bonds, irrespective of the amount of debt service assistance received from the State, if any.***

High School District Eligibility for State Aid for Debt Service. Pursuant to State law, the High School District is currently eligible to receive debt service assistance from the State for a portion of its annual general obligation bond debt service requirements, because for fiscal year 2026/27 the mill value per ANB for the High School District (55.10) is less than the statewide Facility Guaranteed Mill Value per ANB (139.860) for high school districts according to the Montana Office of Public Instruction. The State average portion of the calculation is inflated by 40% so more school districts qualify for debt service assistance. ***The High School District will covenant to levy taxes on all taxable property in the High School District, so that the levy will raise sufficient funds to provide for the payment of principal of and interest on the High School District Bonds, irrespective of the amount of debt service assistance received from the State, if any.***

The Districts. The amount of annual debt service assistance will be subject to the amount appropriated biennially, if any, by the State Legislature for this purpose and to the total amount of debt service assistance for which all school districts in the State are annually eligible, with such amount determined by a formula specified under State law and allocated pro rata to eligible districts. No assurance can be given that the State will appropriate any amount for the debt service assistance program or that this program of debt service assistance will not be altered or discontinued.

State law providing for State aid for debt service (now referred to as debt service assistance) commenced with fiscal year 1993/94. Historically, funds for this program were available in an amount as high as approximately $11 million in 2008/09 and allocated on a pro rata basis at a level between 80%-100% of total eligibility for most years. However, in more recent years the funding and allocation have been as low as $0. Appropriations are subject to the availability of funds.

DRAFT

Funding is uncertain because the revenue used to fund debt service assistance is derived from riverbed rent lease income that is currently in escrow pending the outcome of litigation and timber sales that do not occur until the end of each fiscal year. Additionally, pursuant to changes made by the 2017 Legislature, funds for debt service assistance are paid from the State School Facility Technology Account and are second in priority behind funds allocated for school technology as provided for in State law. Finally, the legislature may divert revenues from timber sales and riverbed rents leases, if any, to other purposes. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – Prior Legislative Session Highlights – 2017 Legislative Session Highlights" herein.)

The Districts are unable to predict the availability of funds or the reliability of receipt of such funds even if the Districts qualify for debt service assistance in any year. *The Bonds are not obligations of the State and the payment of principal and interest on the Bonds is not guaranteed by the State*. (See "THE BONDS – Security" herein.)

The following table shows the appropriations from the current and prior three legislative bienniums and the allocation of funds available.

Fiscal Year	Total State Monies Appropriated for Debt Service Assistance	Amount Paid in May and Applied to Debt Service[1]	Pro-Rata Allocation to Eligible Districts for Debt Service Assistance	Number of School Districts Receiving Debt Service Assistance	Percent of School Districts in Montana
2026/27	$17,093,501	TBD	TBD	TBD	TBD
2025/26	16,000,000	TBD	TBD	TBD	TBD
2024/25	15,000,000	$13,982,909	100.00%	78	20%
2023/24	15,000,000	13,345,149	100.00	83	21
2022/23	2,500,000	2,500,000	16.59	80	20
2021/22	4,807,153	4,807,153	33.29	86	22
2020/21	2,500,000	2,500,000	17.73	89	22
2019/20	0	0	0.00	0	0

[1] For school districts that qualify for debt service assistance and have issued bonds in such fiscal year, the amount received is accounted for as an advance and applied to current year debt service, whereas school districts that qualify for debt service assistance that issued bonds in a prior year receive a payment that is accounted for as a reimbursement and applied to the following fiscal year debt service fund budget.

Source: OPI

State School Major Maintenance Aid

Senate Bill 307 ("SB 307") passed by the 2017 Legislature renamed the "State Advance and Reimbursement for School Facilities Program" the "Debt Service Assistance Program", created a State revenue account program for major maintenance aid for schools (the "State School Major Maintenance Aid Account"), allows a school district to levy up to 10 mills annually on all taxable property within the school district without an election (the "Permissive Maintenance Levy") for school maintenance and improvements as described herein and further detailed in State law, phases-out/eliminates the quality school grant program, and creates a State payment to be distributed to school districts and deposited to the school district's appropriate sub-fund in the building reserve fund when amounts have been appropriated by the legislature.

Pursuant to SB 307, a school district's building reserve fund will be used, among other things, to account for voted building reserve fund revenue and non-voted revenue, which amounts will be accounted for by creating separate sub-funds for each source of revenue. In connection with non-voted revenue, school districts will create a sub-fund for school district major maintenance and repairs (the "Major Maintenance and Repair Sub-fund"). The Major Maintenance and Repair Sub-fund is used to record revenue and expenses with respect to a Permissive Maintenance Levy and any other funds eligible to be deposited to this sub-fund (together, the "Local Effort Amount"). The Local Effort Amount may not exceed the school

district's "School Major Maintenance Amount," which as defined in SB 307 is an amount equal to the sum of $15,000 and the product of $100 (increased to $110 pursuant to House Bill 192 ("HB 192") adopted by the 2021 Legislature for school, year 2022/23 and thereafter) multiplied by the school district's ANB for the prior fiscal year. The Local Effort Amount resulting from a Permissive Maintenance Levy may be used only to pay for expenditures meeting the requirements as detailed in SB 307 and State law.

A school district must have a Local Effort Amount in a fiscal year to be eligible to receive aid from the State School Major Maintenance Fund ("State School Major Maintenance Aid") for that fiscal year, which amount may not exceed 80% of the amount of the school district's School Major Maintenance Amount. SB 307 provides a formula to determine the amount of State School Major Maintenance Aid per dollar of Local Effort Amount that a school district is eligible to receive, which total amount may be prorated. State School Major Maintenance Aid is to be distributed to school districts annually and prorated as necessary no later than the last working day of May to a school district with a permissive levy.

Additionally, HB 192 increased the amount of State School Major Maintenance Aid a school district can qualify to receive by increasing the multiplier in the formula as described in State law from 171% to 187%. The Local Effort Amount may not exceed the school district's School Major Maintenance Amount.

HB 192 eliminated the requirement that State School Major Maintenance Aid (defined herein) be used to first assist school districts with funding for school facility projects that are categorized as "safety," "damage/wear out," or "codes and standards" as referenced in the School Facilities Condition Inventory, June 30, 2008 report, and the requirement to update such report. HB 192 provided that school districts that have certified to OPI a current school safety plan or emergency operations plan may use State School Major Maintenance Aid first for improvements to school and student safety and security as described in Section 20-9-236, Montana Code Annotated, and then for projects that produce operational efficiencies as further described in State law.

The following table shows the State School Major Maintenance Aid appropriations from the current and prior legislative biennia.

Fiscal Year	Total Appropriations for State School Major Maintenance Aid (in millions)	Fiscal Year	Total Appropriations for State School Major Maintenance Aid (in millions)
2026/27	$27.5	2022/23	$10.0
2025/26	22.9	2021/22	10.0
2024/25	12.1	2020/21	10.1
2023/24	12.1	2019/20	10.1

NRD Facility Payment

HB 647 passed by the 2017 Legislature eliminated the NRD Payment as a funding component of K-12 BASE Aid, which was previously created by the 2013 Legislature, and replaced it with a NRD Facility Payment that is not a component of K-12 Base Aid. The NRD Facility Payment is meant to provide local property tax relief by providing funds for facility needs of schools. The NRD Facility Payment was expected to increase, in a similar manner as the NRD Payment was expected to increase through fiscal year 2022, when other revenue to support school facilities is expected to increase.

The 2019 Legislature adopted HB 159 setting forth the amounts of the NRD Facility Payment to be appropriated for school years 2019/20 through 2023/24 and thereafter, which takes into consideration O&G Tax in the State's General Fund and the projected earnings of the school facilities fund within the State's Coal Severance Tax Trust Fund for school years 2019/20 through 2022/23. Pursuant to HB 159, the amount appropriated for the NRD Facility Payment for fiscal years 2019/20, 2020/21, 2021/22, and

2022/23 is intended to be an amount equal to the greater of: (i) $6.8 million in 2019/20; $7.6 million in 2020/21; $10 million in 2021/22; and $10 million in 2022/23, with each fiscal year's appropriation reduced by the amount of projected earnings from the school facilities fund within the State's Coal Severance Tax Trust Fund; or (ii) 5% of the O&G Taxes deposited in the State's General Fund for the fiscal year occurring two fiscal years prior to the fiscal year of the NRD Facility Payment. For fiscal years 2023/24 and beyond, the general fund appropriation for the NRD Facility Payment is intended to be an amount equal to the greater of: (i) $10 million, increased by an inflationary adjustment applied in fiscal year 2023/24 and in each succeeding fiscal year; or (ii) 5% of the O&G Taxes deposited in the State's General Fund for the fiscal year occurring two fiscal years prior to the fiscal year of the NRD Facility Payment.

The following table shows the NRD Facility Payment appropriations from the current and prior legislative biennium:

Fiscal Year	Total Appropriation for NRD Facility Payment (in millions)	Fiscal Year	Total Appropriation for NRD Facility Payment (in millions)
2026/27	$12.3	2022/23	$10.0
2025/26	12.4	2021/22	10.0
2024/25	12.1	2020/21	7.6
2023/24	12.1	2019/20	6.8

The Montana Property Tax System

General. As a general rule, all real and personal property in the State is subject to taxation by both the State and its counties, municipalities and other political subdivisions to finance various general and special governmental functions and capital improvements. This rule is subject to exceptions in the case of specified classes of exempt property, including public property, property of churches, schools, hospitals, cemeteries and charities, household goods, certain agricultural products, automobiles, smaller trucks, business inventory, money and credits. The State imposes a beneficial use tax upon property otherwise exempt from property tax used by private parties or for industrial trade or business purposes. Property is classified according to its use and character, and the different classes of property are taxed at different percentages of their assessed valuation. Both cities and counties can grant property tax benefits to new and expanding businesses within their jurisdictions, but only with respect to the taxes they levy and only for a period of up to five years.

The amount of property tax payable with respect to any piece of property other than Class 3 and Class 10 property is the product of the assessed value of the property, times the rate of taxation per classification (the "taxable value"), which is set by the Legislature, times the number of mills levied by each taxing jurisdiction, all as more fully described herein. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights" herein for a description of bills that were passed during the 2025 legislative session to make changes to the property tax system.)

Class-Action Lawsuit Filed Against the Montana Department of Revenue for Appraisal Practices. On February 2, 2026, a class-action lawsuit was filed in Madison County District Court by two Montana property owners, with the Plaintiffs claiming the Montana Department of Revenue ("DOR") is using appraisal methods that do not follow State law, resulting in inflated property valuations. The lawsuit claims the DOR does not follow the parameters of a 12-month window for comparable sales data to determine a property's appraised value as provided for in State law, which valuation is then utilized for property tax purposes. The Plaintiffs claim the DOR has used sales data spanning a period of up to five years. The complaint asks the court to order the DOR to (i) reassess properties statewide following State law, (ii) use the correct data for any reappraisal, (iii) refund any overpaid taxes to the taxpayer, (iv) allow taxpayers the opportunity to appeal any corrected reappraisal, and (v) cease using unlawful appraisal practices. If class-action certification is granted by the court, all affected Montana property owners would

be included in the class, unless the property owner opts out. The County is unable to predict the outcome of such litigation; if the Plaintiffs were to prevail, the effect on the State's system of property taxes; or the effect it may have on the County, property values, or retroactive or future changes to the State property tax system. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – The Montana Property Tax System – Appraisal, Assessment, and Revaluation" herein.)

2024 Property Tax Task Force. Governor Gianforte launched a property tax task force (the "Property Tax Task Force") on January 11, 2024, after the 95-mill State School Equalization dispute described herein, to provide recommendations to reform the State's property tax system and reduce the burden on property taxpayers following resolution by the Montana Supreme Court of the 95-mill School Equalization dispute. On November 22, 2023, the Montana Supreme Court ruled that counties must levy the full 95 mills. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – General Description – General Fund" herein.)

The Property Tax Task Force provided a written report with property tax recommendations and strategies in August of 2024 to be considered by the 2025 Legislature during the Legislative Session that commenced in January of 2025. The Governor specifically asked that the following items be addressed: (i) arrest the rate of growth of property taxes, including assessments and fees, as well as alleviate the impact of drastic increases of property appraisals; (ii) increase transparency of property tax bills, make them easier to understand, and improve customer service in the payment schedules for property taxpayers; (iii) increase transparency of and public engagement in public budgeting; (iv) increase public participation for mill levy ballot measures; (v) ensure property taxes paid by Montana resident homeowners and on Montana long-term rentals reflect well on supporting homeownership and workforce housing; (vi) ensure each Montana child has access to a quality education; and (vii) ensure lower-income Montana homeowners, Montana homeowners on a fixed income, and disabled Montana veterans or surviving spouse are not at risk of losing their home because of property taxes. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights" herein.)

DRAFT

(The remainder of this page intentionally left blank.)

Classification. Currently, there are 16 classifications of property for tax purposes. The taxable value for property is determined by applying a statutorily established percentage tax rate to the assessed value of the property (or to other amount) as follows:

Property Class	Description	Tax Rate
One	Net Mine Proceeds	100% of annual net proceeds less expenses
Two	Gross Proceeds of Metal Mines	3.00% of annual gross proceeds
Three	Agricultural Land	2.05%[1] of productive capacity
Four	Residential	0.76% to 2.20%[1] of assessed value
	Commercial & Industrial	1.40% to 1.89%[1] of assessed value
Five	Pollution Control, Electric/Telephone Coops, etc.	3.00% of assessed value
Seven	Non-Centrally Assessed Utilities	8.00% of assessed value
Eight	Business Equipment	1.50% and/or 3.00% of assessed value[2]
Nine	Pipelines, Non-Electric Generating Property of Electric Utilities	12.00% of assessed value
Ten	Forest Land	0.37% of forest productivity value[3]
Twelve	Airlines and Railroads	Varies
Thirteen	Electrical Generation and Telecommunications	6.00% of assessed value
Fourteen	Renewable Energy Production and Transmission	3.00% of assessed value
Fifteen	Carbon Dioxide and Liquid Pipeline	3.00% of assessed value
Sixteen	High-Voltage Converter Station	2.25% of assessed value
Seventeen	Qualified Data Center Land/Improvements/Furniture/Fixtures, etc.	0.90% of assessed value
Eighteen	Green Hydrogen Facilities/Pipelines/Storage Systems	1.50% to 3.00% of assessed value

[1] See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – The Montana Property Tax System – Class Four Property Tax Rates" and "– Legislative Session Highlights – 2025 Legislative Session Highlights" herein for changes to Class Three and Four property tax rates as adopted by the 2025 Legislature.)
[2] See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – The Montana Property Tax System – Class Eight Property Tax Rates" herein.
[3] See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – The Montana Property Tax System – Appraisal, Assessment, and Revaluation" herein for changes the 2023 Legislature made with respect Class 10 Forest Land property valuation and applicable tax rates.

Appraisal, Assessment, and Revaluation. All taxable property except farmland and mines is to be assessed at 100 percent of assessed value, which is determined by the Montana Department of Revenue (the "Department of Revenue" or the "DOR"). The Department of Revenue determines the assessed value of most real property by appraisal using one or more of the three accepted appraisal approaches: (a) the cost approach, based on the cost of the property, using the national cost service manuals and the Montana Appraisal Manual; (b) the sales comparison approach, based on comparable arm's-length sales; and (c) the income approach, based on a calculation of the net property income (reflected by market rents minus property management and other expenses). The Montana Constitution requires that property tax values be equalized across the State, and the efforts to determine assessed values of taxable property on a consistent basis across the State are intended to ensure that similarly situated taxpayers are treated the same.

The assessed and taxable values of most classes of property are assessed on a county-by-county basis and are attributed to the local taxing jurisdictions in which the property is located.

Prior to January 1, 2015, Class Three, Four and Ten property was reappraised every six years and all other property was reappraised annually. Senate Bill 157 ("SB 157"), adopted by the 2015 Legislature, changed the reappraisal process for Class Three and Four property to a two-year cycle, changed certain tax rates, and eliminated certain exemptions utilized under prior law.

The Department of Revenue's most recent reappraisal for Class Three and Four property was as of the January 1, 2025 reappraisal and effective for fiscal years 2025/26 and 2026/27. Values were released to property owners in July 2025 and new certified assessed and taxable valuations were provided to taxing jurisdictions not later that the first Monday in August 2025. Pursuant to Senate Bill 54 ("SB 54") adopted by the 2023 Legislature, commencing January 1, 2024, centrally assessed property will be reappraised every two years rather than annually. Pursuant to Senate Bill 3 ("SB 3") adopted by the 2023 Legislature,

(i) commencing January 1, 2025, Class Ten property will be reappraised every two years rather than the six-year reappraisal cycle; (ii) the tax rate applied to Class Ten property for fiscal year 2023/24 changed from 0.37% to 0.29% and then to 0.27% in fiscal year 2024/25; and (iii) the methodology for assessing the productivity of forest land (stumpage price standard) will be based on a 10-year Olympic average. Class Ten property remains on its current six-year reappraisal cycle through fiscal year 2024/25. The DOR is required to appraise all other classes of property annually.

Current Two-Year Reappraisal Cycle and Taxation Timeline for Class Three, Four & Ten Property

	Dates		
	Tax Year 2025 Fiscal Year 2025/26	Tax Year 2026 Fiscal Year 2026/27	Action[1]
1.	January 1, 2025 (plus, new construction on the tax rolls as of January 1, 2025)	January 1, 2025 (plus, new construction on the tax rolls as of January 1, 2025 & 2026)	The date shown is effective date for the two-year reappraisal cycle values applicable for the tax rolls, which includes new construction valuation as of this date. The two-year reappraisal cycle commencing January 1, 2025 is based on sales data and other valuation methodologies established in State law as of January 1, 2024.
2.	July 2025 (not later than the first Monday in August)	July 2026 (not later than the first Monday in August)	The DOR sends new certified assessed and taxable valuations to taxing jurisdictions for budget purposes (based on the valuations effective as of the current two-year reappraisal date of January 1, 2025.
3.	July 2025	July 2026	The DOR mails classification and appraisal notices to all property taxpayers that identify the appraised value of such property.
4.	August 2025	August 2026	Budgets and mill levy rates are set by all taxing jurisdictions for the fiscal year which are provided to the county.
5.	October 30, 2025	October 30, 2026	Property tax bills are mailed to taxpayers.
6.	November 30, 2025	November 30, 2026	First half property taxes are due to the county treasurer by taxpayers.
7.	May 31, 2026	May 31, 2027	Second half property taxes are due to the county treasurer by taxpayers.

Centrally Assessed Property. The DOR is required to "centrally assess" certain types of property owned by corporations or other entities operated as a single, integrated continuous property located in more than one county. Property to be centrally assessed includes telegraph, telephone, microwave, electric power or transmission lines, natural gas or oil pipelines; property of scheduled airlines; railroad transportation properties operating in more than one county or more than one state; net proceeds of mines; and gross proceeds of coal mines. The property values, other than railroad property values, are apportioned by the DOR among the counties in which such property is located, either on a mileage basis or on the basis of the original installed cost of the property located in the respective counties. If neither of these methods is appropriate, the DOR may adopt such other method or basis of apportionment as it determines to be proper. Centrally assessed property constitutes a significant amount of taxable values of most counties. The DOR and the owner of property to be centrally assessed may agree to have the property assessed by a qualified independent appraiser, agree to share the costs of the appraisal and agree to accept the result. Otherwise, the DOR will assess those properties as described below.

Pursuant to SB 54, commencing January 1, 2024, centrally assessed property is reappraised every two years rather than annually, with certain property reappraised in even-numbered year and certain property reappraised in odd-numbered years.

State law does not describe the factors to be taken into consideration by the DOR in determining the assessed value of public utilities, but rather states the appraisal is to be made using factors determined proper by the DOR. Pursuant to its rules, the DOR uses the unit method of valuation to appraise centrally

assessed property when appropriate. The unit method may include a cost indicator method, a capitalized income indicator and a market indicator. If in the DOR's judgment these indicators fail to reflect a company's value or there is insufficient information to use those methods, it may adopt a different method or methods to reflect the company's assessed value. Further, the DOR may derive a market, or stock and debt indicator of value based on outstanding securities and liabilities, or construct a market indicator using sales comparison data or any other analysis or data bases for similar property. The income indicator may be determined by using capitalization of historical income, capitalization of projected income, discounted cash flow analysis or other method.

As provided by law, a railroad system's property value is calculated by starting with the railroad system's property value for the previous year and adjusting up or down by an amount calculated to reflect the changes in the system's income, gross profit margin and depreciated property costs. Railroad property values are apportioned among the states and the counties in which the property is located, based on the average of the ratios of the track miles, revenue ton miles, gross investment, operating revenue and railroad car and locomotive miles in each state or county to the railroad system as a whole.

Under current law, on or before June 1 of each year, the DOR must notify owners of centrally assessed property that are to be reappraised in such year (as described in State law those scheduled to be reappraised on even numbed years and those scheduled to be reappraised in odd numbered years) of the appraisal and report. Such values must be reported to the counties on or before July 1 of each year. Property owners may appeal their assessed valuation to the State Board of Tax Appeals.

Class Four Property Tax Rates. The tax rates in the following table apply to Class Four property. The taxable value is calculated by applying the tax rate to the assessed value of property, which is then multiplied by the number of mills levied by each taxing jurisdiction to calculate the taxes payable by each property owner. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" herein for changes to Class 4 Residential and Commercial and Industrial property tax rates.)

Commencing in tax year 2026, SB 542 creates three groups of Class 4 Residential property: (1) primary residences and long term rentals (that qualify for the Homestead Reduced Tax Rate); (2) residential improvements on qualified agricultural land (tax rate of 1.35%) (that do not qualify for the Homestead Reduced Tax Rate); and (3) all other residential property (tax rate of 1.90%).

For comparison, changes enacted during the 2015 legislative session assigned Class 4 residential property a tax rate of 1.35% for assessed values up to $1.5 million and a tax rate of 1.89% for the portion of assessed values over $1.5 million. Class 4 commercial property was assigned a tax rate of 1.89%, except for golf courses that had a tax rate of 0.945%.

SB 542 provides for tax year 2025 to be a transition year in advance of the new tax rate tiers, taking effect in tax years 2026 and beyond that are to be based on the State (i) median residential value ("MRV") for a residential property and (ii) median commercial and industrial value ("MCIV") for commercial and industrial property. The DOR will calculate the MRV and MCIV every two years as a part of the two-year reappraisal process. Tax year 2025 is a reappraisal year and will be used to calculate the MRV and MCIV to be used for tax year 2026. The MRV for Class 4 residential property was estimated to be approximately $360,000 when calculating the impact of SB 542, as amended by HB 231, and based on the 2025 reappraisal the MRV for Class 4 is equal to $378,000 and MCIV is equal to $379,000 for tax year 2026.

DRAFT

Class 4 – Residential[1]

Tax Year 2025
(Transition Year)

Assessed Value Breakpoints	Tax Rate
$0 - $400,000	0.76%
$400,001 - $1,500,000	1.10
Over $1.5 Million	2.20

Tax Year 2026 and Thereafter
Homestead Reduced Tax Rate for Qualified Properties
(Utilizes Median Residential Value "MRV")

Based on Assessed Value MRV Breakpoints	Tax Year 2026 MRV ($378,000) Breakpoints	Tax Rate
Less than/Equal to MRV	$1 - $378,000	0.76%
Greater than MRV–2 Times MRV	$378,001 - $756,000	0.90
More than 2 Times MRV-Less than 4 Times MRV	$756,001 - $1,511,999	1.10
4 Times MRV or More	$1,512,000 +	1.90

[1] Prior to Tax Year 2025, Class 4 residential property had a tax rate of 1.35% for the assessed value up to $1.5 million and a tax rate of 1.89% for the assessed value over $1.5 million. Qualified properties that are residential properties include primary residences and residences with long-term rentals. Other residential properties are taxed at different rates.

Class 4 – Commercial and Industrial Reduced Tax Rates[1]

Tax Year 2025
(Transition Year)

Assessed Value Breakpoints	Tax Rate
$0-$400,000	1.40%
$400,001 and over	1.89

Tax Year 2026 and Thereafter
(Utilizes Median Commercial & Industrial Value "MCIV")

Based on Assessed Value MCIV Breakpoints	Tax Year 2026 MCIV ($379,000) Breakpoints	Tax Rate
Less Than 6 Times the MCIV	$1 - $2,273,999	1.50%
6 Times MCIV or More	$2,274,000 +	1.90

[1] Prior to Tax Year 2025, Class 4 commercial property had a tax rate of 1.89%, except for golf courses that had a tax rate of 0.945%.

For tax year 2025, multifamily rentals with an assessed value greater than $2 million that qualify as long-term rentals will be taxed at the lower of the graduated residential property tax rate shown above or 1.89%. Commencing in tax year 2026, a multifamily rental that qualifies for the rental property reduced tax rate will be taxed at a rate of 1.1%. Based on the assessed value, golf courses will be taxed at one-half of the applicable tax rate shown above for commercial and industrial property.

Class 3 agriculture land will be taxed at a tax rate of 2.05% (was 2.16%) of its assessed/market value, which will be determined by the productive value according to State law.

Class Eight Property Tax Rates Under current law, the first $1,000,000 in assessed value of Class Eight business equipment property owned by a person or entity is exempt from taxation. Class Eight property is taxed at 1.5% for the first $6 million of assessed value subject to taxation in excess of the $1,000,000 exempt amount, and at a rate of 3% for assessed value subject to taxation in excess of $6 million. In addition, personal property intended for rent or lease in the ordinary course of business is generally exempt from property tax if the cost of such property is less than $15,000 and the lease period does not exceed one month. HB 212 also provides for local jurisdictions to be reimbursed for lost revenue from the State General Fund, with school districts reimbursed though an adjustment to such school district's guaranteed tax base aid ratio and all other local jurisdictions reimbursed through Entitlement Share distributions.

DRAFT

Pursuant to Senate Bill 530 ("SB 530") enacted by the 2023 Legislature, manufacturing machinery, fixtures, and equipment installed after December 31, 2022 is entitled to a property tax abatement, with taxes phased in over a 10-year period.

Certification of Values, Levy and Collection of Taxes and Tax Liens. The Department of Revenue is required by law to furnish assessed and taxable values to each taxing jurisdiction prior to the first Monday in August and the assessed and taxable values of centrally assessed property on or before July 1 to enable local governments to prepare fiscal year budgets.

The fiscal year of the Districts and other taxing jurisdictions commences July 1 of each year and ends June 30 of the following year. The amount of real property taxes and taxes on centrally assessed personal property and equipment to be levied and collected in each fiscal year by the District is determined in July and August as a part of the budget process. Taxes are levied against the taxable value of property in the Districts based on the certified taxable value as of the preceding January 1 as described above.

Tax bills are assembled by the County Treasurer based on the combined mill levies of the city, county, school district and special taxing jurisdictions in which the subject property is located, in addition to any State mill levies. Taxes are payable in two installments. Bills are normally sent to property owners on October 30, and installments become due on November 30 and May 31. For example, taxes for the fiscal year ending June 30, 2025 were payable in substantially equal installments due on November 30, 2024 and May 31, 2025, based on the mill levies established in August 2024 and on the assessed and taxable value of the property as of January 1, 2024. Taxes for fiscal year ending June 30, 2026 are payable in substantially equal installments due on November 30, 2025 and May 31, 2026, based on the mill levies established in August 2025 and on the assessed and taxable value of the property as of January 1, 2025.

Class Eight or "business equipment" taxes are billed and collected on a different schedule. The owners of personal property report the property they own as of January 1 of each year. The property is assessed by the local representatives of the DOR in May of each year. The tax bills are distributed in July and are due within 30 days of receipt.

All property taxes are collected by the counties and remitted to the various taxing jurisdictions. Under State law, if property taxes are not paid in full when due, the delinquent installment bears a penalty and interest at a delinquent rate and, if not paid, the property is sold at tax sale. Current law provides that delinquent installments bear interest at a rate of $^{5}/_{6}$ of 1% per month (10% per annum) and a penalty of 2%. Property subject to a property tax lien may be redeemed by the owner, the occupant, a mortgagee, a contract vendor or any other interested party within 36 months after the date of the tax sale or within 60 days after notice of application for a tax deed, whichever is later; provided, however, that if the property is subdivided as a residential or commercial lot upon which special improvement district assessments or rural special improvement district assessments are delinquent and upon which no habitable dwelling or commercial structure is situated, redemption must be made within 24 months after the date of the tax sale or within 60 days after notice of application for a tax deed, whichever is later. Enforcement of a property tax lien may be a lengthy process.

A local government taxing jurisdiction may also impose, without limitation: (a) additional levies authorized by the voters of the jurisdiction, including amounts necessary to pay voted general obligation debt; (b) taxes levied to pay premiums of certain insurance policies procured by the local government and contributions to certain state employment benefit plans; (c) certain mining proceeds taxes; (d) mills levied to account for a decrease in reimbursements from the State; (e) levies to pay for legal judgments against the jurisdiction; (f) levies to repay taxes paid under protest; or (g) an emergency levy in the case of a natural disaster or an unforeseen event affecting a school or community college district budget.

DRAFT

ELEMENTARY DISTRICT FINANCIAL INFORMATION

Financial Summary

	As of the Date of Delivery of the Elementary District Bonds
2024 District Population Estimate[1]	59,266
2026/27 Assessed Valuation	$12,253,217,804
2026/27 Taxable Valuation[2]	$152,630,627
General Obligation ("Direct") Debt Outstanding[3]	$84,880,000
Overlapping General Obligation Debt Outstanding	$203,902,016[4]
Total Direct and Overlapping General Obligation Debt Outstanding	$288,782,016[4]
Total General Obligation Debt Capacity Remaining	$237,958,000

[1] According to data from the U.S. Census Bureau released January 2026.

[2] The taxable valuation presented above excludes incremental valuations for tax increment financing districts within the Elementary District, which equaled $5,386,080 for fiscal year 2026/27.

[3] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds and includes other outstanding Elementary District general obligation debt. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[4] Preliminary; subject to change. Assumes the issuance of the High School District Bonds, which are being issued simultaneously with the Elementary District Bonds, and other outstanding High School District general obligation debt, but excludes the Projected High School Bonds. (See "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

Future Financing

Other than the Elementary District Bonds, the Elementary District does not anticipate, as of the date of this Official Statement, the need to incur any additional general obligation indebtedness during the next five years.

(The remainder of this page intentionally left blank.)

DRAFT

Overlapping General Obligation Indebtedness

The following information sets forth the indebtedness of the Elementary District following the issuance of the Elementary District Bonds and the High School District Bonds, and of taxing entities with boundaries that overlap with all or portions of the Elementary District.

	General Obligation Bonds Outstanding	Outstanding Debt Chargeable to Property within the Elementary District	
		Percent	Amount
Helena High School District[1]	$210,000,000	89.4%	$187,740,000
City of Helena	10,992,911	100.0	10,992,911
Lewis and Clark County	7,395,000	69.9	5,169,105
Total Overlapping General Obligation Debt[1]			$203,902,016
Total Direct Debt[2]			84,880,000
Total Direct and Overlapping General Obligation Debt[1, 2]			$289,805,821

[1] Preliminary; subject to change. Assumes the issuance of the High School District Bonds, which are being issued simultaneously with the Elementary District Bonds, includes other outstanding High School District general obligation debt, but excludes the Projected High School Bonds. (See "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[2] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds and includes other outstanding Elementary District general obligation debt. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

General Obligation Debt Ratios

	As of the Date of Delivery of the Elementary District Bonds
Direct Debt Per Capita[1]	$1,432
Direct and Overlapping General Obligation Debt Per Capita[2]	$4,873
Direct Debt to Assessed Valuation[1]	0.69%
Direct and Overlapping General Obligation Debt to Assessed Valuation[2]	2.36%[3]
Direct Debt to Taxable Valuation[1, 3]	55.61%
Direct and Overlapping General Obligation Debt to Taxable Valuation[2, 3]	189.20%[3]
Assessed Valuation Per Capita	$206,750
Taxable Valuation Per Capita[3]	$2,575

[1] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds and includes other outstanding Elementary District general obligation debt. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[2] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds and includes other outstanding Elementary District general obligation debt. Assumes the issuance of the High School District Bonds and includes other outstanding High School District general obligation debt, but excludes the Projected High School District Bonds.

[3] The taxable valuation excludes incremental valuations for tax increment financing districts within the Elementary District, which equaled $5,386,080 for fiscal year 2026/27.

DRAFT

Schedule of General Obligation Bond Debt Service

As of the Date of Delivery of the Elementary District Bonds, other than the Elementary District Bonds, the Elementary District will have outstanding its General Obligation School Building Bonds, Series 2017 (the "Elementary 2017 Bonds"), General Obligation School Building Bonds, Series 2019 (the "Elementary 2019 Bonds"), and the Elementary 2025 Bonds. Set forth in the following table is a debt service schedule for the Elementary 2017 Bonds, Elementary 2019 Bonds, Elementary 2025 Bonds, and an estimated debt service schedule for the Elementary District Bonds. Some of the interest figures shown below have been rounded.

Elementary District									
	2017 Bonds		2019 Bonds		2025 Bonds		The Elementary District Bonds[1]		
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal[1]	Interest[1]	Total[1]
2027	$2,665,000	$1,438,150	$360,000	$214,500	---	$2,392,570	---	---	$7,070,220
2028	2,800,000	1,304,900	370,000	203,700	$195,000	1,557,550	---	$884,861	7,316,011
2029	2,940,000	1,164,900	380,000	192,600	205,000	1,549,750	$40,000	575,000	7,047,250
2030	3,030,000	1,076,700	395,000	181,200	215,000	1,539,500	40,000	573,000	7,050,400
2031	3,120,000	985,800	410,000	165,400	225,000	1,530,900	40,000	571,000	7,048,100
2032	3,245,000	861,000	425,000	149,000	240,000	1,521,900	35,000	569,000	7,045,900
2033	3,375,000	731,200	440,000	132,000	260,000	1,512,300	25,000	567,250	7,042,750
2034	3,510,000	596,200	455,000	118,800	275,000	1,501,900	25,000	566,000	7,047,900
2035	3,650,000	455,800	475,000	100,600	290,000	1,488,150	20,000	564,750	7,044,300
2036	3,795,000	309,800	490,000	81,600	305,000	1,476,550	20,000	563,750	7,041,700
2037	3,950,000	158,000	510,000	62,000	320,000	1,461,300	20,000	562,750	7,044,050
2038			535,000	41,600	2,200,000	1,448,500	895,000	561,750	5,681,850
2039			555,000	20,200	2,315,000	1,338,500	940,000	517,000	5,685,700
2040					3,005,000	1,222,750	985,000	470,000	5,682,750
2041					3,155,000	1,072,500	1,035,000	420,750	5,683,250
2042					3,310,000	914,750	1,085,000	369,000	5,678,750
2043					3,475,000	749,250	1,140,000	314,750	5,679,000
2044					3,650,000	575,500	1,195,000	257,750	5,678,250
2045					3,835,000	393,000	1,255,000	198,000	5,681,000
2046					4,025,000	201,250	1,320,000	135,250	5,681,500
2047							1,385,000	69,250	1,454,250
Total	$36,080,000	$9,082,450	$5,800,000	$1,663,200	$31,500,000	$25,448,370	$11,500,000	$9,310,861	$130,384,881

[1] Preliminary; subject to change. Based on estimated maturities and interest rates. Final information for the Elementary District Bonds will be provided in the Official Statement once final pricing information is available.

(The remainder of this page intentionally left blank.)

DRAFT

HIGH SCHOOL DISTRICT FINANCIAL INFORMATION

Financial Summary

	As of the Date of Delivery of the High School District Bonds	Including the Projected High School Bonds
2024 District Population Estimate[1]	62,062	62,062
2026/27 Assessed Valuation	$13,322,308,441	$13,322,308,441
2026/27 Taxable Valuation[2]	$170,745,917	$170,745,917
General Obligation ("Direct") Debt Outstanding	$210,000,000[3]	$240,000,000[4]
Overlapping General Obligation Debt Outstanding[5]	$101,655,801	$101,655,801
Total Direct and Overlapping General Obligation Debt Outstanding[5]	$311,655,801	$341,655,801
Total General Obligation Debt Capacity Remaining	$146,223,420	$116,223,420

[1] According to data from the U.S. Census Bureau released January 2026.

[2] The taxable valuation presented above excludes incremental valuations for tax increment financing districts within the High School District, which equaled $5,386,080 for fiscal year 2026/27.

[3] Preliminary; subject to change. Assumes the issuance of the High School District Bonds and includes other outstanding High School District general obligation debt, but does not include the Projected High School District Bonds. (See "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[4] Preliminary; subject to change. Assumes the issuance of the High School District Bonds and the Projected High School Bonds, and includes outstanding High School District general obligation debt.

[5] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds, which are being issued simultaneously with the High School District Bonds, and includes other outstanding Elementary District general obligation debt and outstanding overlapping general obligation debt of other taxing jurisdictions. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

Future Financing

Other than the High School District Bonds and the Projected High School Bonds, the High School District does not anticipate, as of the date of this Official Statement, the need to incur any additional general obligation indebtedness during the next five years.

(The remainder of this page intentionally left blank.)

DRAFT

Overlapping General Obligation Indebtedness

The following information sets forth the indebtedness of the High School District following the issuance of the High School District Bonds and the Elementary District Bonds, and of taxing entities with boundaries that overlap with all or portions of the High School District.

	General Obligation Bonds	Outstanding Debt Chargeable to Property within the High School District	
	Outstanding	Percent	Amount
Helena Elementary School District[1]	$84,880,000	100.0%	$84,880,000
City of Helena	10,992,911	100.0	10,992,911
Lewis and Clark County	7,395,000	78.2	5,782,890
Total Overlapping General Obligation Debt[1]			$101,655,801
Total Direct Debt[2]			210,000,000
Total Direct and Overlapping General Obligation Debt[1, 2]			$311,655,801
Taking into Consideration the Projected High School Bonds			
Total Overlapping General Obligation Debt[3]			$101,655,801
Total Direct Debt[4]			240,000,000
Total Direct and Overlapping General Obligation Debt[3, 4]			$341,655,801

[1] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds, which are being issued simultaneously with the High School District Bonds, and includes other outstanding Elementary District general obligation debt. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[2] Preliminary; subject to change. Assumes the issuance of the High School District Bonds and includes other outstanding High School District general obligation debt, but excludes the Projected High School District Bonds. (See "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[3] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds, which are being issued simultaneously with the High School District Bonds, and includes other outstanding Elementary District general obligation debt, and outstanding overlapping general obligation debt of other taxing jurisdictions. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[4] Preliminary; subject to change. Assumes the issuance of the High School District Bonds and the Projected High School Bonds, and includes outstanding High School District general obligation debt.

(The remainder of this page intentionally left blank.)

DRAFT

General Obligation Debt Ratios

	As of the Date of Delivery of the High School District Bonds[1]	PROJECTED Including the Projected High School Bonds[2]
Direct Debt Per Capita	$3,384	$3,867
Direct and Overlapping General Obligation Debt Per Capita	$5,022	$5,505
Direct Debt to Assessed Valuation	1.58%	1.80%
Direct and Overlapping General Obligation Debt to Assessed Valuation	2.34%[3]	2.56%[4]
Direct Debt to Taxable Valuation[5]	122.99%	140.56%
Direct and Overlapping General Obligation Debt to Taxable Valuation[5]	182.53%[3]	200.10%[4]
Assessed Valuation Per Capita	$214,661	$214,661
Taxable Valuation Per Capita[5]	$2,751	$2,751

[1] Preliminary; subject to change. Assumes the issuance of the High School District Bonds and includes other outstanding High School District general obligation debt, but excludes the Projected High School District Bonds. (See "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[2] Preliminary; subject to change. Assumes the issuance of the High School District Bonds and the Projected High School Bonds, as included in the High School District Bond Authorization, includes other outstanding High School District general obligation debt. Assumes the issuance of the Elementary District Bonds and includes other outstanding Elementary District general obligation debt.

[3] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds, which are being issued simultaneously with the High School District Bonds, and includes other outstanding Elementary District general obligation debt, and outstanding overlapping general obligation debt of other taxing jurisdictions. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[4] Preliminary; subject to change. Assumes the issuance of the High School District Bonds, Projected High School District Bonds, Elementary District Bonds, and includes other outstanding Elementary District general obligation debt, and the other outstanding overlapping general obligation debt for other taxing jurisdictions.

[5] The taxable valuation excludes incremental valuations for tax increment financing districts within the High School District, which equaled $5,386,080 for fiscal year 2026/27.

DRAFT

(The remainder of this page intentionally left blank.)

Schedule of General Obligation Bond Debt Service

As of the Date of Delivery of the High School District Bonds, other than the High School District Bonds, the High School District will have outstanding its High School 2025 Bonds. The High School District expects to issue the Projected High School Bonds by 2028 in one or more series. Set forth in the following table is an estimated debt service schedule for the High School District Bonds. Some of the interest figures shown below have been rounded.

High School District							
	2025 Bonds		High School District Bonds[1]			Projected High School Bonds	
Fiscal Year	Principal[1]	Interest[1]	Principal[1]	Interest[1]	Total[1]	Total Estimated Debt Service (P&I)[1]	Aggregate Estimated Debt Service for the High School Bonds and Projected High School Bonds[1]
2027	---	$9,931,438	---	---	$9,931,438	---	$9,931,438
2028	$2,090,000	6,465,313	---	$6,155,556	14,710,869	---	14,710,869
2029	2,195,000	6,360,812	$1,285,000	4,000,000	13,840,812	$1,949,167	15,789,979
2030	2,305,000	6,251,063	1,350,000	3,935,750	13,841,813	1,950,250	15,792,063
2031	2,420,000	6,135,812	1,415,000	3,868,250	13,839,062	1,946,500	15,785,562
2032	2,540,000	6,014,813	1,485,000	3,797,500	13,837,313	1,946,750	15,784,063
2033	2,670,000	5,887,812	1,560,000	3,723,250	13,841,062	1,950,750	15,791,812
2034	2,805,000	5,754,313	1,640,000	3,645,250	13,844,563	1,948,250	15,792,813
2035	2,945,000	5,614,062	1,720,000	3,563,250	13,842,312	1,949,500	15,791,812
2036	3,090,000	5,466,813	1,805,000	3,477,250	13,839,063	1,949,250	15,788,313
2037	3,245,000	5,312,313	1,895,000	3,387,000	13,839,313	1,947,500	15,786,813
2038	3,405,000	5,150,062	1,990,000	3,292,250	13,837,312	1,949,250	15,786,562
2039	3,575,000	4,979,813	2,090,000	3,192,750	13,837,563	1,949,250	15,786,813
2040	3,755,000	4,801,063	2,195,000	3,088,250	13,839,313	1,947,500	15,786,813
2041	3,945,000	4,613,312	2,305,000	2,978,500	13,841,812	1,949,000	15,790,812
2042	4,140,000	4,416,063	2,420,000	2,863,250	13,839,313	1,948,500	15,787,813
2043	4,345,000	4,209,062	2,540,000	2,742,250	13,836,312	1,951,000	15,787,312
2044	4,565,000	3,991,813	2,670,000	2,615,250	13,842,063	1,946,250	15,788,313
2045	4,795,000	3,763,562	2,800,000	2,481,750	13,840,312	1,949,500	15,789,812
2046	5,035,000	3,523,813	2,945,000	2,341,750	13,845,563	1,950,250	15,795,813
2047	5,285,000	3,272,062	3,090,000	2,194,500	13,841,562	1,948,500	15,790,062
2048	5,550,000	3,007,812	3,245,000	2,040,000	13,842,812	1,949,250	15,792,062
2049	5,790,000	2,765,000	3,405,000	1,877,750	13,837,750	1,947,250	15,785,000
2050	6,080,000	2,475,500	3,575,000	1,707,500	13,838,000	1,947,500	15,785,500
2051	6,385,000	2,171,500	3,755,000	1,528,750	13,840,250	1,949,750	15,790,000
2052	6,705,000	1,852,250	3,945,000	1,341,000	13,843,250	1,948,750	15,792,000
2053	7,040,000	1,517,000	4,140,000	1,143,750	13,840,750	1,949,500	15,790,250
2054	7,390,000	1,165,000	4,345,000	936,750	13,836,750	1,946,750	15,783,500
2055	7,760,000	795,500	4,565,000	719,500	13,840,000	1,950,500	15,790,500
2056	8,150,000	407,500	4,795,000	491,250	13,843,750	1,950,250	15,794,000
2057			5,030,000	251,500	5,281,500	1,946,000	7,227,500
2058						1,947,750	1,947,750
Total	$130,000,000	$128,072,251	$80,000,000	$79,381,306	$417,453,557	$58,460,167	$475,913,724

[1] Preliminary; subject to change. Based on estimated maturities and interest rates. Final information for the High School District Bonds will be provided in the Official Statement once final pricing information is available.

DRAFT

COMBINED FINANCIAL INFORMATION

Debt Limitations

Pursuant to State law, the maximum amount for which an elementary school district or a high school district in Montana may become indebted by the issuance of bonds, including all outstanding indebtedness, is equal to the greater of: (i) 100% of the taxable value of property subject to taxation by the district as ascertained by the last assessment for property taxes, or (ii) 100% of the statewide Facility Guaranteed Mill Value per ANB for the district multiplied by 1,000, multiplied by the number of students enrolled in the district (based on the greater of the current year ANB utilized for budget purposes or the 3-year average ANB calculated under Section 20-9-311, Montana Code Annotated).

Debt Limitation under computation (i). The total debt limitation for the Districts, respectively, based on computation (i) described above, is shown in the following table.

Debt Limitation under computation (i)

	Elementary District	High School District
Debt Limit Based on 100% of Taxable Value	$152,630,627[1]	$170,745,917[1]

[1]The taxable valuations presented above exclude incremental valuations for tax increment financing districts within the Districts, which equaled $5,386,080 for fiscal year 2026/27.

Debt Limitation under computation (ii). The total debt limitation for the Districts, respectively, based on computation (ii) described above, is shown in the following table.

Debt Limitation under computation (ii)

	Elementary District	High School District
100% of 2026/27 Facility Guaranteed Mill Value per ANB x 1,000	$60,400	$139,860
Times the ANB Used for the 2026/27 budget	5,345[1]	2,547[1]
Total Debt Limitation	$322,838,000	$356,223,420

[1] Represents the three-year average ANB that was used for 2026/27 budget, respectively.

Elementary District's Debt Limitation and Debt Capacity Remaining. Based on the information presented above, the Elementary District's total statutory debt limitation is $322,838,000. Giving effect to the issuance of the Elementary District Bonds in the amount of $11,500,000[1] and other outstanding Elementary District general obligation debt in the principal amount of $73,380,000 for a total of $84,880,000[1], the Elementary District is expected to have remaining debt capacity following such issuance of $237,958,000[1].

[1] Preliminary; subject to change. Assumes the issuance of the Elementary District Bonds. (See "ELEMENTARY DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

DRAFT

High School District's Debt Limitation and Debt Capacity Remaining. Based on the information presented above, the High School District's total statutory debt limitation is $356,223,420. Giving effect to the issuance of the High School District Bonds in the amount of $80,000,000[1], excluding the Project High School District Bonds, and including other outstanding High School District general obligation debt in the principal amount of $130,000,000 for a total of $210,000,000[1], the High School District is expected to have remaining debt capacity following such issuance of $146,223,420[1].

Treating the Projected High School Bonds in the principal amount of $30,000,000[2] as issued simultaneously with the High School District Bonds for an aggregate total principal amount of $240,000,000[1, 2] of debt outstanding, the High School District's remaining debt capacity would be equal to $116,223,420[1, 2].

---

[1] Preliminary; subject to change. Assumes the issuance of the High School District Bonds. (See "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

[2] Preliminary; subject to change. Assumes the issuance of the Projected High School Bonds, as included in the High School District Bond Authorization. (See "HIGH SCHOOL DISTRICT FINANCIAL INFORMATION – Schedule of General Obligation Bond Debt Service" herein.)

Trends in Property Valuations

Since 2015, Class Three and Four property is reappraised every two years. Commencing January 1, 2025, Class Ten property and commencing January 1, 2024 centrally assessed property is reappraised every two years, instead of once every six years and every year reappraisals, respectively. Other property valuations are based on comprehensive appraisals performed by the Department of Revenue each year. See the tables titled "Elementary District Valuation by Property Classification" and "High School District Valuation by Property Classification" herein for a breakdown of property by classification as located in the Districts. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" and "The Montana Property Tax System" herein for a description of the current assessment process, calculation of valuation figures, and recent changes to Montana's property tax system that were adopted during the 2025 Legislative session.)

The current difference in the valuations between the Districts ($1,069,090,637 of the 2026/27 Assessed Value and $18,115,290 of the 2026/27 Taxable Value) is attributable to the High School District encompassing Wolf Creek Elementary School District (2026/27 Assessed Value of $539,194,322 and Taxable Value of $10,556,380) and Trinity Elementary School District (2026/27 Assessed Value of $529,896,315 and Taxable Value of $7,558,910).

(The remainder of this page intentionally left blank.)

DRAFT

Elementary District. Set forth in the following table are the assessed and taxable valuations of real and personal property located within the Elementary District for the fiscal years 2022/23 through 2026/27.

Elementary District

Fiscal Year	Assessed Valuation	Percent of Change	Taxable Valuation[2]	Percent of Change
2026/27[1, 3]	$12,253,217,804	0.5%	$152,630,627	8.6%
2025/26[1, 3]	12,197,843,684	22.0[3]	140,493,157	(10.8)[3]
2024/25	9,998,203,085	0.8	157,447,014	0.3
2023/24[3]	9,922,625,602	38.1[3]	157,031,116	28.1[3]
2022/23	7,185,939,888	1.6	122,617,535	2.2

[1] The assessed valuations for fiscal years 2025/26 and 2026/27 are based on the reappraisal effective January 1, 2025.
[2] Taxable value represents the value after the applicable tax rates are applied to assessed value. The applicable mill levy rates are then applied to the taxable value of taxable property to determine tax revenue. The taxable valuation presented above excludes incremental valuations for tax increment financing districts within the Elementary District, which equaled $5,386,080 for fiscal year 2026/27.
[3] In the recent reevaluation years of 2021, 2023, and 2025, property values have jumped due to the reappraisal process and growth in the Montana resale values. Taxable value in 2025/26 declined due to legislative changes enacted during the 2025 Legislative Session to give property tax relief, particularly to residential property. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" herein.)

Source: Department of Revenue

High School District. Set forth in the following table are the assessed and taxable valuations of real and personal property located within the High School District for the fiscal years 2022/23 through 2026/27.

High School

Fiscal Year	Assessed Valuation	Percent of Change	Taxable Valuation[2]	Percent of Change
2026/27[1, 3]	$13,322,308,441	0.5%	$170,745,917	10.9%
2025/26[1, 3]	13,255,697,366	22.3[3]	153,974,584	(10.6)[3]
2024/25	10,841,379,497	0.8	172,176,483	0.4
2023/24[3]	10,754,528,049	37.8[3]	171,518,683	27.4[3]
2022/23	7,803,996,111	1.6	134,658,745	2.1

[1] The assessed valuations for fiscal years 2025/26 and 2026/27 are based on the reappraisal effective January 1, 2025.
[2] Taxable value represents the value after the applicable tax rates are applied to assessed value. The applicable mill levy rates are then applied to the taxable value of taxable property to determine tax revenue. The taxable valuation presented above excludes incremental valuations for tax increment financing districts within the High School District, which equaled $5,386,080 for fiscal year 2026/27.
[3] In the recent reevaluation years of 2021, 2023, and 2025, property values have jumped due to the reappraisal process and growth in the Montana resale values. Taxable value in 2025/26 declined due to legislative changes enacted during the 2025 Legislative Session to give property tax relief, particularly to residential property. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" herein.)

Source: Department of Revenue

(The remainder of this page intentionally left blank.)

DRAFT

Elementary District Valuation By Property Classification. The following tables show the assessed and taxable values for each property classification in the Elementary District for the years presented. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" and "The Montana Property Tax System" herein for a description of the current assessment process, calculation of valuation figures, and recent changes to Montana's property tax system that were adopted during the 2025 Legislative session.)

Assessed Valuation[1]										
	Property Classification									
Fiscal Year	Class 3 agricultural land	Class 4 residential	Class 4 commercial	Class 5 pollution control, elec. & telephone coop, new industry	Class 8 business equipment	Class 9 pipelines and non-elec. generating property of elec. utility	Class 10 Forest land	Class 12 Airlines & Railroads	Class 13 electrical generation and telecommunication	Total[1]
2026/27	$11,270,631	$9,579,388,935	$2,205,155,469	$2,978,100	$177,837,637	$122,251,364	$4,394,315	$46,309,099	$113,757,472	$12,263,343,022
2025/26	11,045,897	9,561,254,143	2,190,729,579	2,880,702	173,380,411	115,881,538	4,381,432	40,512,786	114,507,894	12,214,574,382
2024/25	9,671,333	7,770,783,089	1,787,322,230	1,672,540	169,904,932	114,564,568	5,215,797	37,975,158	107,806,865	10,004,916,512
2023/24	9,711,278	7,671,640,418	1,815,868,799	1,564,469	192,570,345	107,595,889	4,757,300	22,965,218	102,377,500	9,929,051,216
2022/23	9,424,115	5,334,658,202	1,416,208,711	2,184,601	159,699,910	120,561,303	4,266,371	27,844,059	116,913,711	7,191,760,983

Taxable Valuation[1]										
	Property Classification									
Fiscal Year	Class 3 agricultural land	Class 4 residential	Class 4 commercial	Class 5 pollution control, elec. & telephone coop, new industry	Class 8 business equipment	Class 9 pipelines and non-elec. generating property of elec. utility	Class 10 Forest land	Class 12 Airlines & Railroads	Class 13 electrical generation and telecommunication	Total[1]
2026/27	$391,295	$95,055,901	$35,493,185	$88,550	$4,437,948	$14,670,166	$16,264	$1,324,441	$6,538,957	$158,016,707
2025/26	391,775	81,912,644	37,902,501	85,732	4,297,368	13,905,781	16,215	1,142,459	6,573,604	146,228,079
2024/25	366,814	101,801,020	33,513,720	50,175	4,369,830	13,747,746	14,085	1,051,909	6,379,510	161,294,809
2023/24	368,503	101,879,381	34,051,330	46,938	4,520,330	12,911,507	13,800	702,741	6,095,716	160,590,246
2022/23	363,981	70,704,828	26,507,354	54,930	3,610,091	14,467,359	13,238	852,028	7,014,839	123,588,648

[1] Represents information provided at the State level, includes incremental valuations for tax increment financing districts and may differ from certified valuations due to timing of the data being compiled.

Source: Department of Revenue

DRAFT

High School District Valuation By Property Classification. The following tables show the assessed and taxable values for each property classification in the High School District for the years presented. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" and "The Montana Property Tax System" herein for a description of the current assessment process, calculation of valuation figures, and recent changes to Montana's property tax system that were adopted during the 2025 Legislative session.)

Assessed Valuation[1]										
Property Classification										
Fiscal Year	Class 3 agricultural land	Class 4 residential	Class 4 commercial	Class 5 pollution control, elec. & telephone coop, new industry	Class 8 business equipment	Class 9 pipelines and non-elec. generating property of elec. utility	Class 10 Forest land	Class 12 Airlines & Railroads	Class 13 electrical generation and telecommunication	Total[1]
2026/27	$32,982,275	$10,464,265,624	$2,226,956,941	$5,243,029	$181,994,976	$139,639,700	$48,083,146	$85,712,812	$147,948,556	$13,332,827,059
2025/26	32,741,622	10,439,094,871	2,212,607,776	5,126,177	179,960,077	131,930,900	48,050,721	77,684,590	145,231,327	13,272,428,064
2024/25	28,857,710	8,439,445,921	1,803,464,378	4,228,295	176,833,210	130,580,163	52,273,098	73,589,765	138,820,384	10,848,092,924
2023/24	29,840,594	8,337,164,992	1,832,597,723	4,198,459	198,127,199	123,131,628	51,829,204	54,411,142	129,652,722	10,760,953,663
2022/23	28,820,880	5,792,132,817	1,426,872,070	4,477,289	164,205,092	138,433,966	46,595,737	60,873,553	147,072,802	7,809,484,206

Taxable Valuation[1]										
Property Classification										
Fiscal Year	Class 3 agricultural land	Class 4 residential	Class 4 commercial	Class 5 pollution control, elec. & telephone coop, new industry	Class 8 business equipment	Class 9 pipelines and non-elec. generating property of elec. utility	Class 10 Forest land	Class 12 Airlines & Railroads	Class 13 electrical generation and telecommunication	Total[1]
2026/27	$987,804	$106,655,041	$35,820,330	$156,498	$4,535,847	$16,756,766	$177,902	$2,451,387	$8,590,422	$176,131,997
2025/26	988,274	89,257,598	38,245,290	153,096	4,448,048	15,831,706	177,780	2,190,704	8,417,011	159,709,507
2024/25	924,886	110,546,666	33,818,700	126,848	4,517,654	15,669,619	141,147	2,038,435	8,240,322	176,024,277
2023/24	949,024	110,702,519	34,367,366	125,959	4,609,614	14,775,797	150,314	1,664,988	7,732,230	175,077,811
2022/23	929,507	76,753,876	26,708,735	123,713	3,670,375	16,612,080	144,455	1,862,730	8,824,388	135,629,859

[1] Represents information provided at the State level, includes incremental valuations for tax increment financing districts and may differ from certified valuations due to timing of the data being compiled.

Source: Department of Revenue

DRAFT

Tax Collections

The following tables demonstrate the tax collection history for property taxes levied for real property for the General Fund of each District for fiscal years ended June 30, 2022 through 2026. First half collections are due November 30 and second half collections are due May 31.

Elementary District General Fund

Fiscal Year	Total Tax Levy	Current Property Tax Collections	Current Tax Collections as a Percent of Total Tax Levy	Total Property Tax Collections[1]	Total Tax Collections as a Percent of Total Tax Levy
2025/26	$11,219,646	$10,944,388	97.5%	$11,254,621	100.3%
2024/25	11,545,551	11,241,562	97.4	11,339,444	98.2
2023/24	12,275,156	12,069,068	98.3	12,254,843	99.8
2022/23	11,169,703	10,982,064	98.3	11,168,444	100.0
2021/22	11,208,837	11,000,298	98.1	11,250,718	100.4

[1] Total tax collection figures include penalty and interest collected on delinquent taxes.

High School District General Fund

Fiscal Year	Total Tax Levy	Current Property Tax Collections	Current Tax Collections as a Percent of Total Tax Levy	Total Property Tax Collections[1]	Total Tax Collections as a Percent of Total Tax Levy
2025/26	$6,524,708	$6,365,225	97.6%	$6,554,096	100.5%
2024/25	6,766,590	6,583,656	97.3	6,645,722	98.2
2023/24	7,419,786	7,294,170	98.3	7,409,133	99.9
2022/23	6,996,123	6,879,134	98.3	6,997,318	100.0
2021/22	6,843,193	6,714,567	98.1	6,861,555	100.3

[1] Total tax collection figures include penalty and interest collected on delinquent taxes.

Source: The Districts and the County

Property Tax Protests. Section 15-1-402, Montana Code Annotated, allows property owners the ability to pay property taxes under protest if they disagree with their property valuation. Property owners are required to pay the full amount of the property tax bill when due. The protested taxes are placed in escrow with the county. A school district is allowed to borrow escrowed protested tax amounts that would be due to the school district for budget expenditures pending settlement between the taxpayer and the State Department of Revenue. Should the school district be required to repay any portion of protested taxes released to the school district, if any, based on final settlements with the property owners, the school district may levy an additional tax on its total tax base to collect amounts needed for such repayment.

Adjustments in the Debt Service Fund Due To Protested Taxes. In any year, a school district has the ability to levy for an amount higher than the current year's debt service payments in the Debt Service Fund to account for prior years' protested taxes and delinquent tax payments. The county would include such amount, on behalf of the school district, when setting the tax levies. The additional amount(s) to be collected as a result of such levy would be accounted for in the school district's reserves.

DRAFT

Tax Levies

The table below shows the mill rates per $1,000 of taxable value for property located in the Districts for the fiscal years 2021/22 through 2025/26. The "Total" shown below is equal to the aggregate number of mills levied against most property in the Districts located outside of the City of Helena ("Helena") and within the Districts. The High School District encompasses all of the Elementary District and all of the Trinity Elementary School District and Wolf Creek School District (not shown in the table below). Property may be responsible for other specific levies, which are not shown below.

	- - - - - - - - - - - - Fiscal Year - - - - - - - - - - - -				
Taxing Entity	2021/22	2022/23	2023/24[1]	2024/25	2025/26[2]
University Millage	6.00	6.00	6.00	6.00	6.00
Vocational Technology	1.50	1.50	1.50	1.50	1.50
Statewide School Equalization	40.00	40.00	40.00	40.00	40.00
Lewis and Clark Countywide School Levy	95.57	98.28	95.06	76.93	76.06
Lewis and Clark County	191.69	198.56	162.36	171.51	208.33
Lewis and Clark County Open Space	4.15	5.90	4.67	4.64	5.14
Rural County Planning (out of city)	2.96	3.02	2.40	2.51	3.07
Rural County Road (out of city)	33.00	33.66	26.73	27.96	34.23
Helena Valley Mosquito	4.30	5.95	3.94	5.15	6.21
Soil Conversation	1.83	1.85	1.40	1.43	1.71
Helena Elementary District	206.13	205.45	184.54	178.63	194.48
Helena High School District	81.04	80.48	68.26	65.43	73.84
Total	668.17	680.65	596.86	581.69	650.57
City of Helena	168.87	173.87	148.77	152.37	174.87

[1] The tax levies were generally lower in 2023/24 due to the 2023 reappraisal and growth in taxable values.
[2] The tax levies were generally higher in 2025/26 due to the 2025 reappraisal and offsetting changes in the tax rates enacted the by the 2025 legislature to help provide property tax relief primarily to residential property. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" and "COMBINED FINANCIAL INFORMATION – Trends in Property Valuations" herein.)

Source: Department of Revenue

(The remainder of this page intentionally left blank.)

DRAFT

Major Taxpayers

The following table lists the top ten major taxpayers within the Districts for fiscal year 2026/27, in declining order of taxable value.

			Elementary District	
	Taxpayer	Business	2026/27 Taxable Value	% of 2026/27 Taxable Value ($152,630,627)
1.	Northwestern Energy	Utility	$15,209,340	9.96%
2.	The Boeing Company	Airplane Part Manufacturer	2,833,168	1.86
3.	Verizon	Pipeline	1,820,112	1.19
4.	BNSF Railway	Railroad	1,441,036	0.94
5.	Charter Communications	Telecommunications	1,185,799	0.78
6.	Yellowstone Pipeline	Pipeline	1,140,782	0.75
7.	Lumen Technologies	Telecommunications	600,795	0.39
8.	Stockman Bank	Financial	511,701	0.34
9.	Helena Skyway II LLC	Shopping Center	485,304	0.32
10.	Costco Wholesale Corp.	Wholesaler	473,784	0.31
	Total		$25,701,821	16.84%

			High School District	
	Taxpayer	Business	2026/27 Taxable Value	% of 2026/27 Taxable Value ($170,745,917)
1.	Northwestern Energy	Utility	$19,066,322	11.17%
2.	The Boeing Company	Airplane Part Manufacturer	2,833,168	1.66
3.	BNSF Railway	Railroad	2,570,492	1.51
4.	Verizon	Pipeline	1,966,447	1.15
5.	Charter Communications	Telecommunications	1,185,799	0.69
6.	Yellowstone Pipeline	Pipeline	1,168,179	0.68
7.	Lumen Technologies	Telecommunications	636,117	0.37
8.	Stockman Bank	Financial	511,701	0.30
9.	Helena Skyway II LLC	Shopping Center	485,304	0.28
10.	Costco Wholesale Corp.	Wholesaler	473,784	0.28
	Total		$30,897,313	18.09%

Source: Department of Revenue and County Treasurer

THE DISTRICTS

General Information

The Districts are located in Lewis and Clark County (the "County") located in western Montana and encompass the City of Helena ("Helena"), the State Capital and County seat, and portions of the surrounding area. The Districts' facilities are located throughout Helena, which is located at the intersection of Interstate 15 and U.S. Highway 12, approximately 88 miles south of the City of Great Falls, 115 miles east of the City of Missoula, and 100 miles northwest of the City of Bozeman. According to the United States Census Bureau, Helena had a 2025 population estimate of 35,138, an increase of 9.4% over the 2020 Census estimate of 32,108, making it the 6th largest municipality in the State based on population. According to the U.S. Bureau of the Census, the County had a 2025 population estimate of 75,331, an increase of 6.1% over the 2020 Census estimate of 70,971 making it the 6th largest county in the State based on population. According to the U.S. Census Bureau estimates released January 2026, the Elementary District and High School District had 2024 estimated populations of 59,266 and 62,062, respectively. The High School District boundaries are larger than the Elementary District boundaries, as

the High School District includes all of the Elementary District and two rural elementary districts (Wolf Creek Elementary District and Trinity Elementary District).

The Elementary District and High School District are separate legal and financial entities, which currently provide instruction to approximately 5,179 elementary and 2,502 high school actual ANB, respectively, in each case based on the 2025/26 actual ANB count used to determine the ANB that may be used for the 2026/27 budget.

The economy of the area is most notably impacted by the contributions of government at all levels and trade center activities. (See "APPENDIX B – ECONOMIC AND DEMOGRAPHIC INFORMATION" herein.)

Administration

An eight-member Board of Trustees is responsible for the administration of the Elementary District and the High School District (the "Board"). Although the Elementary District and High School District share common administrators and Board members (provided that one Board member serves only on the High School District Board), the Districts are separate legal and financial entities. Board members are elected by the voters of the Districts and serve overlapping three-year terms. All members, except for the one High School District Board member, vote on both Elementary District and High School District matters. The current Board members, the dates their respective terms expire, the total number of years served on the Board and the member's respective occupation are as shown below.

Board Member	Term Expires (May)	Total Time Served on Board	Occupation
Jennifer Walsh, Chair[1]	2029	9 years	Healthcare Project Manager
Kay Satre, Vice Chair	2028	4 years	Retired Educator
Janet Armstrong	2027	6 years	Retail Sales
Lisa Cordingley	2029	1 year	Retired
Keith Meyer	2027	2 years	Carroll College Advancement Office Staff
Siobhan Hathhorn	2028	7 years	Retired Educator
Keller Higbee	2029	1 year	Telecommunications Consultant
Jenny Murnane-Butcher	2028	2 years	Non-Profit Deputy Director

[1] Serves as the Chair and presides over meetings for both Districts; however, Ms. Walsh only votes on High School District matters. All other members vote on both Elementary District and High School District matters.

The chief administrative officer of the Districts is the Superintendent, who is hired by and is responsible to the Board. Mr. Rex Weltz has been Superintendent since July 1, 2021. Prior to serving in his current role, Mr. Weltz served as the Principal for Rossiter Elementary School for one year, which is a school within the Elementary District. Prior to employment with the Districts, Mr. Weltz was with Polson Schools for 8 years (4 years as a Principal and 4 years as Superintendent), was a teacher for Hamilton School for 5 years, was a principal in Washington for 3 years and spent 10 years in Alaska serving as a teacher and principal. Mr. Weltz has been involved in education for 34 years, with 18 years as an administrator and 16 years as a teacher. Mr. Weltz earned a bachelor's degree, a master's degree, and Superintendent Certification.

Ms. Sam Holman is the Director of Finance, a position she has held since December 2025. Prior to employment with the District, Ms. Holman was employed by the Montana Board of Investments for a total of 6 years, serving in the roles of Investment Accountant and Investment Analyst. Ms. Holman is a Helena native and graduate of Helena High School. Ms. Holman earned a bachelor's degree in accounting from the University of Providence in Great Falls, Montana, a Master of Science degree in Finance, and a Master of Business degree in Administration, both from the University of Utah in Salt Lake City, Utah.

DRAFT

Enrollment Trends

The Elementary District provides education for students in grades pre-kindergarten through eight and the High School District provides education for students in grades nine through twelve. The table below shows the Districts' enrollment figures utilized for budgeting purposes for the years presented.

School enrollment counts are officially taken twice a year, on the first Monday in October and the first Monday in February. For budgeting purposes, school districts are allowed to utilize the higher of the (i) current year (actual) ANB or (ii) 3-year average ANB. The District is expecting enrollment to continue to remain relatively stable over the next two years.

ANB Enrollment Utilized for Budgets[1]

Year Counts Taken	School Year	Elementary District K-8 Budget ANB Enrollment	High School District 9-12 Budget ANB Enrollment	Total Budget ANB Enrollment
2025/26	2026/27[2]	5,345	2,547	7,892
2024/25	2025/26[2]	5,510	2,597	8,107
2023/24	2024/25[2]	5,379	2,529	7,908
2022/23	2023/24[2]	5,437	2,579	8,016
2021/22	2022/23[3]	5,397	2,647	8,044
2020/21	2021/22[3]	5,415	2,774	8,189
2019/20	2020/21	5,532	2,861	8,393
2018/19	2019/20	5,437	2,927	8,364
2017/18	2018/19	5,333	2,953	8,286
2016/17	2017/18	5,369	2,963	8,332

[1] The enrollment counts shown are the ANB counts used for budgeting purposes, which can be the greater of (i) actual ANB counts or (ii) the three-year average counts.
[2] The decline in enrollment mirrors the national trend as a result of declining birth rates.
[3] The decline was a result of the COVID-19 pandemic.

Source: The Districts and OPI

(The remainder of this page intentionally left blank.)

DRAFT

General Fund Budget and Summary of Budgeted Funds

A historical summary of the Districts' financial statements for the General Fund is presented in Appendix A attached hereto.

The Districts' 2026/27 General Fund Budgets. The Elementary District's 2026/27 General Fund Budget equaled $45,796,240.79 or 98.9% of the Elementary District's Maximum General Fund Budget Limit of $46,289,430.25 as calculated using the General Fund Entitlement Formula. The High School District's 2026/27 General Fund Budget equaled $25,542,524.08 or 100.0% of the High School District's Maximum General Fund Budget Limit of $25,542,524.08 as calculated using the General Fund Entitlement Formula.

Summary of All 2026/27 Budgeted Funds for the Districts. The Elementary District adopted an aggregate 2026/27 budget for all budgeted funds in the amount of $75,957,986.23. The High School District adopted an aggregate 2026/27 budget for all budgeted funds in the amount of $52,246,943.63. The following table presents the adopted budget for each budgeted fund, including the debt service fund, of the Districts.

The Elementary District		The High School District	
Fund Name	2026/27 Adopted Budget	Fund Name	2026/27 Adopted Budget
General	$45,796,240.79	General	$25,542,524.08
Transportation	6,551,820.37	Transportation	2,769,655.67
Bus Depreciation	0.00	Bus Depreciation	0.00
Tuition	2,373,844.51	Tuition	395,709.36
Retirement	7,648,143.66	Retirement	3,688,411.70
Adult Education	781,115.54	Adult Education	1,007,133.53
Technology	1,186,517.86	Technology	1,842,688.63
Flexibility	140,927.40	Flexibility	487,916.76
Building Reserve	4,086,155.24	Building Reserve	6,349,965.53
Debt Service	7,393,219.86	Debt Service	10,162,938.37
Total	$75,957,985.23	Total	$52,246,943.63

Source: The Districts' Budgets

(The remainder of this page intentionally left blank.)

DRAFT

Employment and Labor Relations

As of September 1, 2026, the Districts employed 977 full-time equivalent (FTE) employees and 62 part-time employees. Of these employees, approximately 65% are employed by Elementary District and 35% by the High School District. The number of certified employees, including administrators, equals approximately 611 (380 elementary, 204 high school, and 27 administration/central office).

Shown in the table below is the bargaining organization in which employees of the Districts participate, the number of participants, and the expiration date of the current contract. The Districts consider their current employee relations to be satisfactory.

Bargaining Organization	Number of District Participants	Expiration of Current Contract
Helena Education Association & Helena Para-Professional Education Association	683	06/30/2027
Custodian Union (AFSCME)	65	06/30/2027
Carpenters (Local #82)	2	06/30/2027
Electricians (IBEW)	1	06/30/2028
Mechanics (IAM)	1	06/30/2027
Secretaries (MFPE)	48	06/30/2027
Painters	2	06/30/2027
Plumbers & Pipefitters	2	06/30/2027
Total	804	

Source: The Districts

Interlocal Agreement Cooperative Fund

The Elementary District and the High School District entered into the most recent Multidistrict Agreement (the "Agreement") on April 9, 2024, which is in effect for the fiscal years 2024/25, 2025/26, and 2026/27. The Agreement provides for a multidistrict cooperative for the purpose of supporting operations, activities, and undertaking of the Districts, including but not limited to salaries, technology, buildings, rentals, vehicles, curriculum, maintenance improvements, utilities, and supplies. Pursuant to the Agreement, the Interlocal Agreement Cooperative Fund (the "Interlocal Fund") is used for recording revenues and expenditures as approved, with the Elementary District designated as the prime agency.

The Agreement may be extended or renewed by mutual approval of the Districts and may be dissolved upon mutual consent of all participating districts upon 14 days written notice, with the funds returned to participating districts by a pro rata allocation of funds on deposit in the Interlocal Fund. Amounts in the Interlocal Fund can be used by the Districts for general purposes similar to amounts in the General Fund. Each participating district may transfer funds into the Interlocal Fund from the participating district's respective General Fund, in an amount not to exceed the direct state aid in support of the respective General Fund or any budgeted or non-budgeted fund, except that funds may not be transferred from the Retirement Fund, Debt Service Fund, or the Compensated Absences Liability Fund, or as further prohibited by law or the Agreement. Expenditures from the Interlocal Fund are limited to expenditures that are permitted by law and are within the final budget for the budgeted fund from which a transfer is made. All amounts transferred to the Interlocal Fund must be used for the purposes stated in the Agreement. Each participating district must agree on how the funds in the Interlocal Fund are to be disbursed during the applicable current fiscal year by the establishment of a budget or guidelines.

DRAFT

The Interlocal Fund balance for the past five years is shown below. See "APPENDIX A – SUMMARY OF HELENA PUBLIC SCHOOLS GENERAL FUND FINANCIAL STATEMENTS" for trends in the Interlocal Fund for the past five fiscal years and the footnotes describing changes in fund balance.

Fiscal Year	Interlocal Fund Ending Balance
2025/26	$10,115,803
2024/25	8,266,522
2023/24	7,427,523
2022/23	6,978,824
2021/22	9,094,581

Source: The Districts

Facilities

The Districts' facilities are primarily located throughout Helena and are detailed in the following table. (See "THE BONDS – Purpose and Sources and Application of Funds" herein for a description of the Elementary District Project and High School District Project.)

Elementary District

Building	Grades Served	Year Originally Constructed	Years of Additions	Total Square Footage
Broadwater Elementary	K-5	1942	1949/1970/2020	33,566
Bryant Elementary	K-5	2019	n/a	58,869
Central Elementary	K-5	2019	n/a	69,315
Four Georgians Elementary	K-5	1977	2020	56,948
Jefferson Elementary	K-5	1948	1970/2020	34,965
Jim Darcy Elementary	K-5	2019	n/a	64,136
Hawthorne Elementary – Closed 2025/26	n/a	1921	1937/1989/2020	27,621
Kessler Elementary	K-5	1936	1948/1956/1958/ 1964/1967/1987/2020	24,926
Rossiter Elementary	K-5	1966	1972/2020	43,793
Smith Elementary	K-5	1966	2020	41,498
Warren Elementary	K-5	1968	1977/1993/2020	31,903
CR Anderson Middle School	6-8	1959	1992/2020	124,000
Helena Middle School	6-8	1938	1986/2020	162,180

High School District

Building	Grades Served	Year Originally Constructed	Years of Additions	Total Square Footage
Capital High School	9-12	1965	1973/1983/1994/1998	243,400
Capital High School Vo-Tech	9-12	1972	1983	21,408
Helena High School	9-12	1955	1961/1981/ 1989/1998/2016	237,550
Helena High School Vo-Tech	9-12	1972	1983	31,002
Front Street Learning Center (PAL)	9-12	1956	1990/2020	15,550

Shared Facilities of the Districts

May Butler Center – Support Services	n/a	1942	1992	10,200
Maintenance Shop	n/a	2019	n/a	12,490
Print Shop	n/a	1935	1990	3,546
Warehouse	n/a	1935	1986	6,553
Lincoln Center	n/a	1946	1956/1960/2021	18,780
Ray Bjork Learning Center	n/a	1959	1962/2020/2021	22,294
7th Avenue Gym	n/a	1908	n/a	9,800

Source: The Districts

DRAFT

Pensions

The employees of the Districts participate in two statewide, cost-sharing multiple employer defined benefit retirement plans, which cover all school district employees, except certain substitute teachers and part-time, non-teaching employees. The Teachers' Retirement System ("TRS") covers teaching employees, including administrators and aides. The Public Employee Retirement System ("PERS") covers nonteaching employees. The plans are established under State law and are administered by the State of Montana. The Districts' contributions to the plans are primarily funded from a mandatory countywide tax levy and, to a lesser extent, from State contributions.

PERS is a statewide retirement plan established in 1945 and governed by Title 19, Chapters 2 and 3 of the Montana Code Annotated, providing retirement services to substantially all public employees. PERS is mandatory unless employees work less than 960 hours per year, once the employee has reached this threshold, they become members and remain members going forward.

PERS offers retirement, disability and death benefits to plan members and their beneficiaries and covers two retirement plans: the Defined Benefit Retirement Plan (the "DBRP") and the Defined Contribution Retirement Plan (the "DCRP"). Members choose their plan participation. For members hired before July 1, 2011, benefit eligibility may commence at age 60 with at least five years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarially reduced benefits may be taken with 25 years of service or at age 50 with at least five years of service. For members hired on or after July 1, 2011, benefit eligibility commences at age 65, with at least 5 years of service, or at age 70 regardless of service. Actuarially reduced benefits may be taken at age 55 with at least 5 years of service. Rights become vested after five years of service. Benefits under the DCRP depend on the amounts contributed and the earnings on those amounts contributed. Benefits under the DBRP are determined based on number of years of service and what is determined to be the "highest average compensation" amount. For example, the monthly retirement benefit for a member hired before July 1, 2011 with less than 25 years of service, or for a member hired after July 1, 2011 with between 10 and 30 years of service, is 1/56 of the member's "highest average compensation" multiplied by the number of years of the member's total service credit.

TRS is a statewide retirement plan established in 1937 and governed by Title 19, Chapter 20 of the Montana Code Annotated, providing retirement services to teachers or professional staff of any public elementary or secondary school, colleges of technology or unit of the university system. TRS is a mandatory multiple-employer, cost-sharing plan administered by the Teachers' Retirement Board.

TRS offers retirement, disability and death benefits to plan members and their beneficiaries. Benefit eligibility commences at age 60 with at least five years of service. The monthly retirement benefit is 1/60 times the number of years of service times the highest consecutive 36 months' salary. Members' rights become vested after five years of service. A guaranteed annual benefit adjustment provides an annual benefit increase each January of up to 1.5% if the recipient has been receiving a benefit for at least 36 months. House Bill 377 ("HB 377"), which was passed by the 2013 Legislature and signed into law by the Governor, creates a second tier of benefits for members hired after July 1, 2013, which reduces the employer's normal cost rate, requires members to work longer before they are eligible for benefits, and reduces benefits, including, under certain circumstances, the guaranteed annual benefit adjustment. House Bill 117 ("HB 117"), passed by the 2023 Legislature, increases the amount a retired TRS member can earn without impacting the monthly retirement benefit, reduces the required calendar-day break in service before a retired TRS member can go back to work, and extends Section 19-20-732 MCA to June 30, 2029 allowing a TRS retiree to be employed for up to three years with no limit on compensation in certain school districts where a qualified applicant cannot be recruited.

Additional information can be found for TRS at https://trs.mt.gov or for PERS at https://mpera.mt.gov. Such websites are not incorporated into this Official Statement by such reference and are not a part hereof.

For TRS, the actuarial costs are calculated using the entry age actuarial cost method. For PERS, the actuarial costs are calculated using the entry age normal cost method. The actuarial value of assets is the difference between the total market value of assets and the cost value of assets is added to the cost value on a 4-year smoothed basis for both TRS and PERS. The assumptions used in the actuarial valuations are assumptions and subject to change and actual results may vary.

CavMac (formerly Cavanaugh Macdonald Consulting, LLC) conducted the actuarial valuations shown in the following table.

Statewide

Plan	Actuarial Valuation Date	Actuarial Accrued Liability ("AAL") (in thousands)	Actuarial Value of Assets ("AVA") (in thousands)	Unfunded Actuarial Accrued Liability ("UAAL") (in thousands)	Funded Ratio
PERS	June 30, 2025	$9,998,116	$7,446,489	$2,551,627	74.5%
PERS	June 30, 2024	9,695,548	7,341,305	2,354,243	75.7
PERS	June 30, 2023	9,361,216	6,999,338	2,361,877	74.8
PERS	June 30, 2022	9,026,784	6,770,814	2,255,971	75.0
PERS	June 30, 2021	8,534,629	6,514,976	2,019,352	76.3
TRS	July 1, 2025	$7,201,718	$5,288,716	$1,913,002	73.4%
TRS	July 1, 2024	7,025,625	5,217,233	1,808,392	74.2
TRS	July 1, 2023	6,858,306	4,971,905	1,886,401	72.5
TRS	July 1, 2022	6,691,275	4,799,597	1,891,678	71.7
TRS	July 1, 2021	6,463,247	4,616,374	1,846,873	71.4
TRS	July 1, 2020	6,310,005	4,344,045	1,965,960	68.8

Source: Actuarial Valuation Reports

Contribution rates for both plans are required and determined by State law and are based on participants' compensation. (See "MONTANA SCHOOL DISTRICT FINANCING AND BUDGETING – Legislative Session Highlights – 2025 Legislative Session Highlights" herein for changes to the employer contribution rates as adopted during the 2025 legislative session.)

PERS

Effective Date	Employee Contribution Rate[1]	Employer (District) Contribution Rate	State Contribution Rate
July 1, 2026	7.90%	8.80%	0.37%
July 1, 2025	7.90	8.80	0.37
July 1, 2024	7.90	8.80	0.37
July 1, 2023	7.90	8.80	0.37
July 1, 2022	7.90	8.70	0.37

[1] Effective July 1, 2013 this rate applies to all members regardless of hire date.

Source: Montana Public Employee Retirement Administration

TRS

Effective Date	Employee Contribution Rate[1]	Employer (District) Contribution Rate	State Contribution Rate
July 1, 2026	8.15%	9.47%	2.49%
July 1, 2025	8.15	9.47	2.49
July 1, 2024	8.15	9.47	2.49
July 1, 2023	8.15	9.47	2.49
July 1, 2022	8.15	9.37	2.49

[1] Effective July 1, 2013 this rate applies to all members regardless of hire date.

Source: Montana Teachers' Retirement System

DRAFT

Most Recent Changes to PERS and TRS. House Bill 454 ("HB 454") and HB 377, which were passed by the 2013 Legislature and signed into law by the Governor, were designed to provide for the funding of PERS and TRS, respectively, on an actuarially sound basis. HB 454 provides for an allocation of coal severance tax revenues to the PERS plan each year, provides for an increase in members' contributions to 7.90%, provides, effective July 1, 2013, for an increase in the total employer contribution rate for all employers to 8.17% (combined employer and state contribution rate), and reduces the guaranteed annual benefit adjustment to a maximum of 1.50%, from a maximum of 3.00%. HB 377 provides for an annual transfer from the State general fund of $25 million, increases members' contributions by 1.00% effective July 1, 2013, increases employers' contributions by 1.00% effective July 1, 2013, and creates a second tier of benefits for new hires. HB 377 also provided for a reduction in the guaranteed annual benefit adjustment from 1.5% to 0.5% if the most recent actuarial valuation shows that TRS is less than 90% funded. Additionally, HB 377 reduced the maximum amount allowed to be maintained as a reserve in a retirement fund for any school district maintaining a retirement fund in accordance with State law (such as the District) from 35% to 20% of the final retirement budget for the ensuing fiscal year and required school districts to make a one-time transfer to TRS of reserves in excess of 20% on October 1, 2013.

Lawsuits were filed challenging the sections of HB 377 and HB 454 that reduce the guaranteed annual benefit adjustment for TRS and PERS plans, respectively. The plaintiffs in each suit argued that the reductions violated the federal and State constitutions by taking plaintiffs' property interests without just compensation, violating the State's contractual commitment to plaintiffs and impairing the State's contracts with plaintiffs.

On March 4, 2015, the district court granted summary judgment in favor of the PERS plaintiffs in the suit challenging HB 454, and permanently enjoined the State from enforcing the section of HB 454 that reduces the guaranteed annual benefit adjustment ("GABA"). Similarly, on June 30, 2015, the district court granted summary judgment in favor of the TRS plaintiffs in the suit challenging HB 377, and permanently enjoined the State from enforcing the section of HB 377 that reduces the GABA. The State appealed the district court's decision in the PERS litigation, and in July 2015, the State and the plaintiffs in the PERS litigation entered into a settlement agreement. The settlement of the PERS litigation has the effect of causing the GABA reductions pertaining to PERS contained in HB 454 to apply prospectively, thereby maintaining the GABA at a maximum of 3.00% with regard to employees participating in PERS hired prior to July 1, 2013. In August 2015, the State and TRS entered into a settlement agreement, the effect of which is that members of TRS hired prior to July 1, 2013 will continue to receive a 1.50% GABA on January 1 of each year and members of TRS hired on or after July 1, 2013 will receive a variable GABA ranging from a minimum of 0.50% to a maximum of 1.50% on January 1 of each year, depending on the funded status of the plan.

Taking into account the effects of HB 454 as modified by the PERS litigation, and based on the actuarial valuation conducted as of June 30, 2025, the PERS plan is expected to amortize in 23 years. Taking into account the effect of HB 377 as modified by the TRS litigation, and based on the actuarial valuation conducted as of July 1, 2025, the TRS plan is expected to amortize in 21 years.

The Districts – Pension Liabilities. In accordance with GASB Statement 68 ("GASB 68"), which provides for Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in TRS and PERS. GASB 68 was effective June 30, 2015 and includes requirements to record and report the employer's proportionate share of the collective Net Pension Liability, Pension Expense, Deferred Inflows and Deferred Outflows of resources associated with pensions. Pursuant to GASB 68, TRS and PERS have special funding situations in which the State of Montana is legally responsible for making contributions directly to TRS and PERS.

The State of Montana also has a funding situation with respect to PERS that is not Special Funding, whereby the State General Fund provides contributions to PERS from the Coal Severance Tax and interest. All

employers are required to report the portion of Coal Tax Severance Tax and interest attributable to the employer. Due to the existence of special funding situations, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability ("NPL") that is associated with the employer.

The following tables present aggregate liability for the Districts for their proportionate share of the NPL for PERS and TRS. The NPL for PERS and TRS, respectively, was measured as of June 30, 2025 and reflects a reporting date of June 30, 2026. The Total Pension Liability used to calculate the NPL for PERS and TRS, respectively, was determined by actuarial valuations as of July 1, 2025. The District's proportionate share of each NPL was based on the Districts' contributions received by PERS and TRS, respectively, from July 1, 2024 through June 30, 2025, relative to the total contributions received from all PERS and TRS participating employers, respectively. (See "APPENDIX F – HELENA PUBLIC SCHOOLS (ELEMENTARY AND HIGH SCHOOL COMBINED) AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025 – Employee Benefit Pension Plans" attached hereto.)

Schedule of the Districts' Proportionate Share of the NPL Fiscal Year Ended June 30, 2026

	TRS	PERS
Districts' Proportion of NPL	3.1443%	0.346810%
Districts' Proportionate Share	$56,119,578	$8,210,484
State's Proportionate Share Associated with the Districts	29,371,648	2,271,305
	$85,371,648	$10,481,789
Districts' Pensionable Employee Payroll (estimated) ("DPEP")	$48,295,216	$7,348,435
Districts' Proportionate Share of NPL as a % of DPEP	116.20%	111.73%
Plan Fiduciary Net Position as a % of Total Pension Liability	75.22%	76.32%

Source: The Districts, TRS, and MPERA

As of June 30, 2026, the Districts recorded a liability of $56,119,578 for its proportionate share of the TRS NPL.

TRS

	NPL as of June 30, 2025	NPL as of June 30, 2026	06/30/2026 Percent of NPL
Districts' Proportionate Share	$60,955,442	$56,119,578	3.1443%
State's Proportionate Share Associated with the Districts	32,333,437	29,371,648	1.6456
Total	$93,288,879	$85,371,648	4.7899%

(The remainder of this page intentionally left blank.)

DRAFT

As of June 30, 2025, the Districts recorded a liability of $8,210,484 for its proportionate share of the PERS NPL.

PERS	NPL as of June 30, 2025	NPL as of June 30, 2026	06/30/2026 Percent of NPL
Districts' Proportionate Share	$9,059,663	$8,210,484	0.346810%
State's Proportionate Share Associated with the Districts	2,619,668	2,271,305	0.095940
Total	$11,679,331	$10,481,789	0.442750%

As of June 30, 2026, the Districts recognized a Pension Expense of $321,265 for their proportionate share of the respective pension expense, with $451,595 allocable to TRS and $(130,330) allocable to PERS. The Districts also recognized grant revenue of $388,434 for the support provided by the State of Montana for their proportionate share of the pension expense that is associated with the employer, with $243,013 allocable to TRS and $145,421 allocable to PERS.

Pension Expense as of June 30, 2026

	TRS	PERS	Total
Districts' Proportionate Share	$451,595	$(130,330)	$321,265
State's Proportionate Share Associated with the Districts	243,013	145,421	388,434
Total	$694,608	$15,091	$709,699

Source: The Districts, TRS and MPERA

The Districts - Teachers' Retirement System: All regular teaching employees, superintendent and school principals are covered by the TRS.

TRS	Number of Employees	Districts' Only (Employer) Contribution
2025/26	1,144	$4,703,215
2024/25	1,099	5,199,628
2023/24	1,022	5,188,931
2022/23	1,191	5,765,070
2021/22	1,069	5,127,485

Source: The Districts

The Districts - Public Employees' Retirement System: Non-certified, regular employees, except non-mandatory employees are covered by PERS.

PERS	Number of Employees	Districts' Only (Employer) Contribution
2025/26	344	$693,556
2024/25	216	666,103
2023/24	222	699,744
2022/23	213	687,034
2021/22	222	700,392

Source: The Districts

GASB 45 and 75. The Governmental Accounting Standards Board ("GASB") has issued a new standard concerning Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions ("GASB 45"). In addition to pensions, many state and local governmental employers provide other post-employment benefits ("OPEB") as a part of total compensation to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits when provided separately from a pension plan. The new standard provides for the

DRAFT

measurement, recognition and display of OPEB access to expenses/expenditures, related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports. GASB Statement No. 75 ("GASB 75") is effective for fiscal years beginning after June 15, 2017 and improves accounting and financial reports for OPEB. GASB 75 requires disclosure of net OPEB liability for the last 10 fiscal years of as many years as available.

The Districts' - Health Insurance. The Districts currently provides employees who retire from service and their dependents, surviving dependents of deceased employees, or employees who are terminated, the option to continue to participate in the Districts' group health insurance plan (the "Plan") as required by State law. Participation must be elected at the time of retirement or termination. Retiree eligibility differs by retirement system. The Districts do not contribute any amount to premiums, with the retiree paying 100% of the monthly premium for participation in the Plan. Terminated employees may remain on the Plan under COBRA regulations if they pay 100% of the monthly premium for participation in the Plan. Premiums are established administratively and vary depending on the coverage selection. While this liability is disclosed for financial purposes, it does not represent a legal liability of the Districts. As of September 1, 2026, the Districts had 39 retirees and/or dependents and one COBRA participants participating in the health insurance plan under these provisions.

The District's Total OPEB Liability ("TOL") as determined using the actuarial entry age normal funding method. The Districts pay OPEB liabilities on a pay-as-you-go basis.

	06/30/2021	06/30/2022	06/30/2023	06/30/2024	06/30/2025
Service Cost	$314,376	$253,929	$261,359	$278,313	$283,964
Interest	156,717	82,849	83,440	160,720	168,374
Difference in Experience	313,416	0	(70,969)	0	(1,138,561)
Benefit Payments	(335,187)	(223,484)	(261,558)	(302,851)	(380,124)
Change in Assumptions	(1,172,709)	12,418	667,908	(30,710)	(1,020,814)
Net Changes	$(723,387)	$125,712	$680,180	$105,472	$(2,092,161)
Beginning TOL	4,329,396	3,606,009	3,731,721	4,411,901	4,517,373
Ending TOL	$3,606,009	$3,731,721	$4,411,901	$4,517,373	$2,430,212

Source: The Districts' Audits

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Such methods, assumptions and estimates are only that and are subject to change.

Risk Management

The Districts are exposed to various types of risk of loss including (a) damage to and loss of property and contents; (b) employee torts; (c) professional liability (i.e., errors and omissions); (d) environmental damage; (e) workers' compensation (i.e., employee injuries); and (f) medical insurance costs of employees. A variety of methods are used to provide insurance for these risks. Commercial policies transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Coverage limits and the deductibles on the commercial policies have been relatively constant for the last several years, except for property and content coverage where guaranteed value has been increased to approximate replacement cost of the assets. Settle claims resulting from these risks have not exceeded commercial insurance coverage in the past. Given the lack of coverage available, the Districts have no coverage for potential losses from environmental damages and a pool limit for earthquake and flood damages.

DRAFT

The Districts have joined with other Montana employers (both public and private) to form a self-insurance pool offering workers' compensation coverage. This pool, named Montana State Fund, provides claim administrative services.

Employee medical insurance is provided through an internally administered, self-funded plan. The Districts provide medical and dental coverage for employees through an Internal Service Fund that is administered by Allegiance Administrators. Rates for the employees and the Districts are determined in consultation with the administrator for the ensuing year. Any excess coverage insurance policy is purchased by the Districts.

Cybersecurity. The Districts have cybersecurity coverage through the Montana Schools Property and Liability Insurance Plan ("MSPLIP") and Arch Insurance. The cyber coverage has a deductible of $25,000 per occurrence. The per occurrence limit and aggregate policy limit is $2,000,000 for each of the following coverages (i) network security and privacy liability, (ii) media liability, (iii) incident response expense, (iv) cyber extortion, (v) data recovery, and (vi) reputational harm. The per occurrence limit and aggregate policy limit is $500,000 for bricking and $100,000 for each of the following coverages (i) invoice manipulation, (ii) service fraud, and (iii) social engineering. The Districts are Upfort Shield activated and with this activation MSPLIP will pay the first $25,000 of a cyber claim deductible. The Districts also provides employees cybersecurity trainings and phishing simulations, utilizes multi-factor authentication, utilizes password security protocols, and requires two signatures for all checks. The Districts have not had a cyber incident and have not had a claim regarding a cyber incident, or incurred monetary damages as a result of a cyber incident.

Natural Disasters and Climate Change. Natural disasters, including mudslides, wildfires, floods, windstorms, drought, avalanches, earthquakes, and seismic activity are possible. Much of the State has experienced drought conditions in various regions and has experienced a number of large wildfire seasons during the past decade. Climate change may intensify and increase the frequency of extreme weather events. In the event of a natural disaster, the assessed value of properties in the Districts could be significantly reduced, resulting in a decrease in the taxable value of the Districts, or an increase in the respective District's tax rate. The Districts can give no assurance regarding the effect of natural disasters or that proceeds of insurance carried by the Districts would be sufficient, if available, to rebuild and reopen facilities of the Districts or that surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a natural disaster.

Investments

The Districts' investments are handled through a pooled investments program administered by the Lewis and Clark County Treasurer in accordance with Montana law.

BONDS NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds are **not** "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

DRAFT

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Montana income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the Code and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The Districts have not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences, except with respect to Montana income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein. For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excludable from gross income for federal income tax purposes, (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers, and (iii) is excludable from taxable income for Montana individual income tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations, and is includable in the computation of income for purposes of the Montana corporate income tax and the Montana alternative corporate income tax.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The Districts have made certain representations and have covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the

DRAFT

Bonds to be included in gross income for federal income tax purposes and Montana taxable income for State of Montana individual income tax purposes, which may be retroactive to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in gross income for federal income tax purposes or Montana taxable income for State of Montana individual income tax purposes.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being "Discount Bonds"). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes "original issue discount" ("OID"). OID that accrues to a holder of a Discount Bond is excluded from federal gross income to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal tax basis.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal tax basis for the Bond. Premium generally is amortized for federal

income tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes.

Related Tax Considerations

Section 86 of the Code requires recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds. In the case of a financial institution, no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds.

The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Income (including interest) or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depend upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued OID) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the

DRAFT

backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of officers of the Districts, 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 or any proceedings of the Districts taken with respect to the issuance or sale thereof, or the validity of the levy of taxes for the payment thereof.

The Districts can be a party to lawsuits in its normal course of business, but the Districts do not believe any of such litigation will have a significant adverse impact upon the financial condition of the Districts, or would affect the issuance and delivery of the Bonds, or the power and authority of the Districts to issue the Bonds. (See "THE DISTRICTS – Risk Management" herein.)

UNDERWRITING

Elementary District Bonds. D.A. Davidson & Co. (the "Underwriter") has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the Elementary District Bonds from the Elementary District at a price of _____% of the par value of the Elementary District Bonds. The Elementary District Bonds will be initially reoffered at a price of _____% of the par value of the Elementary District Bonds. The Elementary District Bonds are being offered for sale to the public at the prices as shown on the inside cover of this Official Statement. Concessions from the initial offering price may be allowed to selected dealers and special purchasers. The initial offering price is subject to change after the date hereof.

High School District Bonds. The Underwriter has agreed, subject to the terms of the Bond Purchase Agreement, to purchase the High School District Bonds from the High School District at a price of _____% of the par value of the High School District Bonds. The High School District Bonds will be initially reoffered at a price of _____% of the par value of the High School District Bonds. The High School District Bonds are being offered for sale to the public at the prices as shown on the inside cover of this Official Statement. Concessions from the initial offering price may be allowed to selected dealers and special purchasers. The initial offering price is subject to change after the date hereof.

BOND INSURANCE

Bond Insurance Policy[TBD]

RATINGS

As noted on the cover page of this Preliminary Official Statement, [_____] is expected to assign its municipal bond insured rating of "___" (stable outlook) to the Bonds (the "insured rating"), with the understanding that upon delivery of the Bonds the scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by [_____]. Additionally, Moody's has assigned its municipal rating of "___" to the Bonds (the "underlying rating").

No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. The ratings reflect only the view of Moody's. The above ratings are not a recommendation to

DRAFT

purchase, sell, or hold the Bonds, inasmuch as it does not comment as to market price or suitability for a particular investor. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating would be likely to have an adverse effect on the market price of the Bonds. Any further explanation of the significance of the ratings may be obtained from Moody's.

NO CONFLICTS OF INTEREST

The Districts are not aware of the existence of any actual or potential conflict of interests, breach of duty or less than arm's-length transaction regarding the selection of the Underwriters of the Bonds and other participants in the offering of the Bonds.

SECONDARY MARKET DISCLOSURE

In order to permit participating underwriters in the primary offering of the Elementary District Bonds and the High School District Bonds, respectively, to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the Elementary District will enter into a continuing disclosure undertaking for the benefit of the Owners (as defined in Appendix C) from time to time of any Elementary District Bonds and the High School District will enter into a continuing disclosure undertaking for the benefit of the Owners (as defined in Appendix C) from time to time of any High School District Bonds, respectively, that are outstanding to provide annual reports of specified information and notice of the occurrence of certain events as hereinafter described (the "Disclosure Covenants") to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system website ("EMMA").

The Elementary District is the only "obligated person" in respect of the Elementary District Bonds and the High School District is the only "obligated person" in respect of the High School District Bonds within the meaning of the Rule. The information to be provided on an annual basis, the events as to which notice is to be given and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix C to this Preliminary Official Statement.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or the Bond Resolutions. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a fault on the part of the Elementary District or High School District to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Elementary District Bonds and High School District Bonds, respectively, and their market price.

Prior Compliance with Continuing Disclosure Undertakings

Within the past five years, the Elementary District had continuing disclosure undertakings in effect under Rule 15c2-12 with respect to its Elementary 2017 Bonds, Elementary 2019 Bonds, and Elementary 2025 Bonds (together, the "Elementary Prior Undertakings"). Within the past five years, the High School District had a continuing disclosure undertaking in effect under Rule 15c2-12 with respect to its High School 2025 Bonds (the "High School Prior Undertaking" and together with the Elementary Prior Undertakings, the "Prior Undertakings").

The Elementary District discovered that (i) the fiscal year 2022 operating data was not linked to all of the relevant CUSIPs of the Elementary 2017 Bonds and (ii) it did not provide timely notice of the failure to link documentation. As of the date of this Preliminary Official Statement, the Elementary District has linked such information to all the required CUSIPs of the Elementary 2017 Bonds and has filed a notice regarding the untimely filing. Except as described above, as of the date of this Preliminary Official Statement, the Districts are not aware of any other instances in the previous five years in which they failed to comply, in all material respects, with the Prior Undertakings.

DISCLOSURE STATEMENT

The Districts will deliver to the Underwriter at the time of the delivery of the Bonds a certificate substantially to the effect that the facts contained in this Preliminary Official Statement, including the appendices, and in any supplements or amendments hereto, delivered by the Districts did not, at the date of sale of the Bonds, and do not, as of the date of delivery of the Bonds to the Underwriter(s), contain any untrue statement of a material fact or omit to state a material fact where necessary to make the statements herein misleading in light of the circumstances under which they were made. In providing such a certificate, each District will state that it has not undertaken to verify independently information derived or obtained from various sources and presented herein.

ADDITIONAL INFORMATION AND MISCELLANEOUS

The descriptions herein of the Bonds, the Bond Resolutions, and other documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to such documents and contracts, copies of which are available, upon request and upon payment to the Districts a charge for copying, mailing and handling, from the Districts. Additional information concerning the Bonds and the Districts may be obtained by contacting the Business Services Administrator/District Clerk, 1325 Poplar Street, Helena, Montana 59601, telephone (406) 324-2000.

The summaries and descriptions contained in this Preliminary Official Statement and the Appendices hereto of the provisions of the Bonds, the Bond Resolutions, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. This Preliminary Official Statement is not to be construed as a contract or agreement between the Districts and the Underwriter or holders of any of the Bonds.

Any statements made in this Preliminary Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact. No representation is made that any of such statements will be realized.

(The remainder of this page intentionally left blank.)

DRAFT

APPROVAL OF OFFICIAL STATEMENT

The Districts, each through a duly authorized official, have deemed this Preliminary Official Statement "final" as of its date, except for the omission of information dependent on the pricing of this issue, for purposes of compliance with Securities and Exchange Commission Rule 15c2-12.

The execution and delivery of this Official Statement have been duly authorized by the Districts.

SCHOOL DISTRICT NO. 1 (HELENA)
LEWIS AND CLARK COUNTY, MONTANA

By: _____
Jennifer Walsh
Board of Trustees, Chair

ATTEST:

By: _____
Samantha Holman
Director of Finance/District Clerk

HIGH SCHOOL DISTRICT NO. 1 (HELENA)
LEWIS AND CLARK COUNTY, MONTANA

By: _____
Jennifer Walsh
Board of Trustees, Chair

ATTEST:

By: _____
Samantha Holman
Director of Finance /District Clerk

DRAFT

APPENDIX A

SUMMARY OF HELENA PUBLIC SCHOOLS GENERAL FUND FINANCIAL STATEMENTS

The audited financial statements for the Districts are combined as both are managed by a single system, central board of trustees, and central administration. However, the Elementary District and the High School District are each a separate legal entity and separate accounting records must be maintained by the respective District (such as budgets and unaudited financial statements or Trustees' Financial Summaries).

The Districts' financial information contained in the summaries of financial statements that follow was extracted from the Audits of the Districts as prepared by Wipfli LLP, Billings, Montana, for fiscal years ended June 30, 2021 through 2025 and Trustees' Financial Summaries for fiscal years ended June 30, 2021 through 2026. The Districts' complete Audits and Trustees' Financial Summaries may be obtained by contacting the Business Services Administrator/District Clerk at (406) 324-2000.

DRAFT

COMBINED – THE DISTRICTS

School District No. 1 (Helena) and High School District No. 1 (Helena)
Lewis and Clark County, Montana

Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance
General Fund[1, 2]

For the Fiscal Years Ended June 30, 2021 through 2025

The Districts have audits that are combined for the years shown below. Totals may not foot due to rounding. Please see pages A-4 through A-7 for Elementary District and High School District specific information as extracted from Trustees' Financial Summaries for each District, respectively. Additionally, please see pages A-8 and A-9 for specific financial information regarding the Interlocal Fund as extracted from the Elementary District Trustees' Financial Summaries. Trustees' Financial Summary information is unaudited, and an opinion has not been rendered on such results.

	Audited 2020/21	Audited 2021/22	Audited 2022/23	Audited 2023/24	Audited 2024/25
Revenues:					
Property Taxes	$18,677,388	$18,682,128	$18,855,896	$20,089,160	$18,871,944
Tuition and Fees	578,699	476,287	451,388	288,155	254,678
Interest	33,006	39,589	429,118	597,449	556,600
Other	51,775	3,283	51,757	5,231	8,177
State	42,427,240	42,878,479	43,091,046	43,243,089	45,982,015
Total Revenue	$61,768,108	$62,079,766	$62,879,205	$64,223,084	$65,673,414
Expenditures:					
Instruction	$39,722,791	$40,461,441	$42,798,585	$44,211,321	$42,297,485
Support Services	5,564,239	5,641,899	5,901,130	4,643,970	6,234,828
General Administration	1,008,865	1,108,692	970,998	1,027,835	1,056,801
School Administration	5,577,335	5,444,530	5,623,456	5,183,734	5,443,964
Business Administration	1,448,037	1,460,521	1,608,930	1,721,749	2,183,167
Operation and Maintenance	6,331,739	5,820,243	6,855,423	7,079,458	6,423,481
Transportation	7,019	0	0	356	268,771
Community Services	0	35,571	13,652	13,928	14,428
Other	13,925	13,265	77,342	79,737	6,567
Extracurricular	1,273,262	1,320,286	1,368,345	1,435,496	1,515,164
School Food	82	131,758	470	0	0
Capital Outlay	80,946	378,975	435,822	0	86,396
Debt Service	0	38,933	93,534	93,534	132,467
Total Expenditures	$61,028,240	$61,856,114	$65,747,687	$65,491,118	$65,663,519
Excess (Deficiency) of Revs Over Exp.	$739,868	$223,652	$(2,868,482)	$(1,268,034)	$9,895
Transfers In – to Interlocal Fund	3,571,356	2,414,770	1,656,926	2,015,544	1,757,752
Transfer (Out) – to Interlocal Fund	(1,968,752)	(1,003,770)	(586,926)	(328,544)	(606,555)
Transfers From Other Districts	0	0	0	0	671,803
Change in Fund Balance	$2,342,472	$1,634,652	$(1,798,482)	$418,966	$1,832,895
Fund Balance, July 1	10,774,348	13,116,820	14,751,353	12,947,169	13,364,635
Adjustments/Restatements	0	0	(5,702)	(1,500)	(2,761)
Fund Balance, June 30[1]	$13,116,820	$14,751,472	$12,947,169	$13,364,635	$15,194,769
Fund Balance as a % of Exp.	21.5%	23.8%	19.7%	20.4%	23.1%

[1] The General Fund, as presented in the audited financial statements, includes the Elementary General Fund, High School General Fund, Elementary Flexibility Fund, and the Interlocal Fund. The Interlocal Fund can be fully utilized by either of the Districts.
[2] See the separated financial results of the Elementary District and High School District, which include applicable footnotes describing notable changes.

Source: The Districts' Audits and Trustees' Financial Summary Reports

DRAFT

COMBINED – THE DISTRICTS

School District No. 1 (Helena) and High School District No. 1 (Helena)
Lewis and Clark County, Montana

Summary of Balance Sheet - General Fund[1, 2]

As of June 30, 2021 through 2025

The Districts have audits that are combined for the years shown below. Totals may not foot due to rounding. Please see pages A-4 through A-7 for Elementary District and High School District specific information as extracted from Trustees' Financial Summaries for each District, respectively. Additionally, please see pages A-8 and A-9 for specific financial information regarding the Interlocal Fund as extracted from the Elementary District Trustees' Financial Summaries. Trustees' Financial Summary information is unaudited, and an opinion has not been rendered on such results.

	Audited 2020/21	Audited 2021/22	Audited 2022/23	Audited 2023/24	Audited 2024/25
ASSETS					
Cash and Cash Equivalents	$13,048,737	$14,156,608	$12,884,258	$13,313,596	$15,161,981
Taxes Receivable	554,390	461,816	508,475	509,401	652,256
Due from Other Funds	0	409,358	0	0	0
Other Receivables	40,531	171,047	54,572	201,474	75,327
Prepaid Expenses	23,972	64,873	1,474	60,245	0
TOTAL ASSETS	$13,667,630	$15,263,702	$13,448,779	$14,084,716	$15,889,564
LIABILITIES					
Accounts Payable	$297,758	$288,873	$260,619	$312,795	$472,567
Unearned Revenue	0	40,586	0	0	0
TOTAL LIABILITIES	$297,758	$329,459	$260,619	$312,795	$472,567
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue-Prop. Tax	$253,052	$182,771	$240,991	$407,286	$222,228
TOTAL DEFERRED INFLOWS OF RESOURCES	$253,052	$182,771	$240,991	$407,286	$222,228
FUND BALANCES					
Nonspendable	$23,972	$64,873	$1,474	$60,245	$0
Assigned	7,963,233	9,049,949	7,012,361	7,394,463	185,812
Unassigned	5,129,615	5,636,650	5,933,334	5,909,927	15,008,957
TOTAL FUND EQUITY	$13,116,820	$14,751,472	$12,947,169	$13,364,635	$15,194,769
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	$13,667,630	$15,263,702	$13,448,779	$14,084,716	$15,889,564

[1] The General Fund, as presented in the audited financial statements, includes the Elementary General Fund, High School General Fund, Elementary Flexibility Fund, and the Interlocal Fund. The Interlocal Fund can be fully utilized by either of the Districts.
[2] See the separated financial results of the Elementary District and High School District, which include applicable footnotes describing notable changes.

Source: The Districts' Audits

DRAFT

ELEMENTARY DISTRICT ONLY

School District No. 1 (Helena)
Lewis and Clark County, Montana

Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance
General Fund
For the Fiscal Years Ended June 30, 2021 through 2026

The Districts have audits that are combined for the years shown below. The results shown below were extracted from the Elementary District's Trustees' Financial Summary, which financial statements are unaudited, and an opinion has not been rendered on such results. Totals may not foot due to rounding.

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
Revenues:						
District Levy	$11,782,833	$11,629,901	$11,605,655	$12,637,645	$11,698,332	$11,680,555
Tuition and Fees	142,242	128,872	168,966	156,904	148,349	456,352
Interest	8,335	9,708	120,728	174,289	172,024	163,008
Other	12,153	19,379	22,184	21,899	30,903	18,264
State	26,420,682	26,963,848	27,709,768	28,286,506	29,817,758	32,972,935
Total Revenue	$38,366,245	$38,751,708	$39,627,301	$41,277,242	$41,867,365	$45,291,114
Expenditures:						
Instruction	$24,528,434	$25,538,282	$26,284,528	$27,943,144	$27,858,355	$30,728,798
Support Services	3,316,642	3,487,810	3,337,668	3,252,788	3,482,113	3,501,186
General Administration	623,263	719,495	603,576	655,060	707,159	808,643
School Administration	3,431,015	3,390,735	3,573,991	3,347,915	3,315,336	3,834,328
Business Administration	1,209,382	1,182,258	520,138	826,999	1,308,777	1,591,636
Operation and Maintenance	4226,613	3,812,654	4,611,771	4,603,749	4,261,525	4,283,519
Transportation	0	0	76	53	503	0
Community Services	6,640	6,783	7,005	7,144	7,394	6,392
Other	0	0	0	0	0	0
Extracurricular	53,169	112,923	123,242	116,333	110,837	107,576
School Food	82	131,758	470	1	0	0
Capital Outlay	5,806	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Total Expenditures	$37,401,047	$38,382,698	$39,062,466	$40,753,187	$41,051,998	$44,862,078
Excess (Deficiency) of Revs Over Exp.	$965,198	$369,010	$564,835	$524,055	$815,367	$429,036
Net Transfers/Other Sources/(Uses)	(792,268)	(49,999)	(405,149)	(284,804)	(529,319)	(306,522)
Change in Fund Balance	$172,930	$319,011	$159,686	$239,971	$286,048	$122,514
Fund Balance, July 1	2,823,909	3,027,730	3,225,000	3,408,708	3,620,746	4,074,220
Net Change in Encumbrances	30,890	(121,741)	24,022	(27,214)	167,426	(167,426)
Fund Balance, June 30	$3,027,730	$3,225,000	$3,408,708	$3,620,746	$4,074,220	$4,029,308
Fund Balance as a % of Revenues	7.9%	8.3%	8.6%	8.8%	9.7%	8.9%
Fund Balance as a % of Expenditures	8.1%	8.4%	8.7%	8.9%	9.9%	9.0%
Unassigned Fund Balance	$2,902,797	$3,221,809	$3,381,495	$3,620,746	$3,906,794	$4,029,308
Unassigned Fund Balance as a % of Exp.	7.8%	8.4%	8.7%	8.9%	9.5%	9.0%
Flexibility Fund	11,770	11,802	6,811	6,969	7,275	72,926
Interlocal Agreement Cooperative Fund[2]	7,838,728[3]	9,094,581[3]	6,978,824[3]	7,427,523	8,266,522	10,115,803

Other Fund Balances, June 30

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
Building Fund	$1,376,610	$777,508	$420,944	$80,806	$49,334	$30,023,637
Building Reserve Fund	2,583,252[1]	923,934[1]	1,690,025	3,703,686	5,291,121	412,505

[1] The decline in the Building Reserve Fund from 2020/21 to 2021/22 is a result of the utilization of funds for (i) the Lincoln Center to include remodeling, a re-roofing, and a boiler replacement; (ii) Jefferson Elementary to include re-roofing and boiler asbestos abatement; and (ii) CR Anderson to include lighting upgrades and re-roofing.
[2] Represents the Interlocal Fund that can be fully utilized by either of the Districts, with the Elementary District designated as the prime agency. (See "THE DISTRICTS – Interlocal Agreement Cooperative Fund" herein.)
[3] The Districts utilized Interlocal Funds in (i) 2020/21 for bonus pay, termination pay, technology supplies, and a food service truck; (ii) 2021/22 for retirement incentive, curriculum, lighting, for retirement incentives, curriculum and assessment, and lighting updates; and (iii) 2022/23 for termination pay, technology supplies, curriculum, property/liability insurance, contracted services, mental health services, extracurriculars, driver's education, and special education.
Source: The Districts' Audits and Trustees' Financial Summary Reports

DRAFT

ELEMENTARY DISTRICT ONLY

School District No. 1 (Helena)
Lewis and Clark County, Montana

Summary of Balance Sheet – General Fund

As of June 30, 2021 through 2026

The Districts have audits that are combined for the years shown below. The Elementary District General Fund results shown below were extracted from the Elementary District's Trustees' Financial Summary, which financial statements are unaudited, and an opinion has not been rendered on such results. Totals may not foot due to rounding.

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
ASSETS						
Cash and Cash Equivalents	$2,979,676	$3,130,023	$3,449,986	$3,614,951	$4,075,163	$4,330,396
Taxes Receivable	349,879	286,636	316,923	319,246	408,530	344,352
Other Receivables	37,018	77,181	52,531	98,601	74,066	57,210
Prepaid Expenses	15,757	42,167	958	25,299	0	3,575
TOTAL ASSETS	$3,382,330	$3,536,007	$3,820,399	$4,058,097	$4,557,759	$4,735,532
LIABILITIES						
Accounts Payable	$4,721	$24,371	$94,767	$118,105	$75,008	$361,873
TOTAL LIABILITIES	$4,721	$24,371	$94,767	$118,105	$75,008	$361,873
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Prop. Tax	$349,879	$286,636	$316,923	$319,246	$408,530	$344,352
TOTAL DEFERRED INFLOWS OF RESOURCES	$349,879	$286,636	$316,923	$319,246	$408,530	$344,352
FUND BALANCES						
Assigned	$124,933	$3,191	$27,214	$0	$167,426	$0
Unassigned	2,902,797	3,221,809	3,381,495	3,620,746	3,906,794	4,029,308
TOTAL FUND EQUITY	$3,027,730	$3,225,000	$3,408,708	$3,620,746	$4,074,220	$4,029,308
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	$3,382,330	$3,536,007	$3,820,399	$4,058,097	$4,557,759	$4,735,532

Source: The Districts' Audits and Trustees' Financial Summary Reports

DRAFT

HIGH SCHOOL DISTRICT ONLY

High School District No. 1 (Helena)
Lewis and Clark County, Montana

Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance
General Fund
For the Fiscal Years Ended June 30, 2021 through 2025

The Districts have audits that are combined for the years shown below. The High School District General Fund results shown below were extracted from the High School District's Trustees' Financial Summary, which financial statements are unaudited, and an opinion has not been rendered on such results. Totals may not foot due to rounding.

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
Revenues:						
District Levy	$6,893,995	$7,074,520	$7,250,003	$7,628,683	$6,845,698	$6,784,328
Tuition and Fees	436,457	264,633	178,525	47,674	12,135	489,271
Interest	8,002	9,369	89,840	111,453	122,944	132,446
Other	38,909	65,424	84,313	66,214	71,199	75,478
State	16,009,166	15,810,052	15,420,874	14,956,583[1]	16,164,257	17,765,077
Total Revenue	$23,386,529	$23,223,999	$23,023,556	$22,810,607[1]	$23,216,234	$25,246,600
Expenditures:						
Instruction	$13,904,477	$14,170,846	$14,957,941	$14,662,212	$13,977,395	$14,794,255
Support Services	1,638,317	1,577,565	1,586,894	1,406,779	1,484,665	1,479,322
General Administration	329,625	384,237	332,628	343,693	383,285	486,098
School Administration	2,072,090	2,053,049	2,042,123	2,158,343	2,111,971	2,807,559
Business Administration	523,027	551,957	290,485	526,452	1,345,597	902,604
Operation and Maintenance	2,086,128	2,061,592	2,407,615	2,409,928	2,291,085	2,361,251
Transportation	0	0	0	13	0	0
Community Services	6,280	6,482	6,646	6,784	7,034	6,392
Other	0	0	0	0	0	0
Extracurricular	1,221,481	1,222,428	1,252,581	1,274,669	1,367,661	1,329,462
School Food	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
Total Expenditures	$21,781,423	$22,028,156	$22,876,913	$22,788,874	$22,968,693	$24,166,943
Excess (Deficiency) of Revs Over Exp.	$1,605,106	$1,195,843	$146,643	$21,733	$247,541	$1,079,657
Net Transfers/Other Sources/(Uses)	(1,176,480)	(953,771)	(181,777)	(43,740)	(83,803)	(974,718)
Change in Fund Balance	$428,626	$242,072	$(35,134)	$(22,007)	$163,738	$104,939
Fund Balance, July 1	2,295,883	2,226,452	2,358,358	2,333,631	2,304,054	2,480,589
Net Change in Encumbrances	(498,058)	(110,166)	10,406	(7,569)	12,797	(18,547)
Fund Balance, June 30	$2,226,452	$2,358,358	$2,333,631	$2,304,054	$2,480,589	$2,566,980
Fund Balance as a % of Revenues	9.5%	10.2%	10.1%	10.1%	10.7%	10.2%
Fund Balance as a % of Expenditures	10.2%	10.7%	10.2%	10.1%	10.8%	10.6%
Unassigned Fund Balance	$2,113,373	$2,355,445	$2,320,311	$2,298,304	$2,462,042	$2,566,980
Unassigned Fund Balance as a % of Exp.	9.7%	10.7%	10.1%	10.1%	10.7%	10.6%
Interlocal Agreement Cooperative Fund[3]	7,838,728[4]	9,094,581[4]	6,978,824[4]	7,427,523	8,266,522	10,115,803

Other Fund Balances, June 30

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
Building Fund	$58,665	$58,842	$60,728	$63,596	$66,411	$99,506,764
Building Reserve Fund	2,131,507	1,749,876[2]	2,191,083	2,852,229	3,468,226	4,511,311

[1] The reduction in State revenue in 2023/24 was a result of a decline in high school enrollment of 55 students.
[2] The decline in the Building Reserve Fund from 2020/21 to 2021/22 is a result of the utilization of funds for (i) the Lincoln Center to include remodeling, a re-roofing, and a boiler replacement; (ii) Capital High School duct cleaning, flooring, and safety and security upgrades; and (iii) Helena High School duct cleaning.
[3] Represents the Interlocal Fund that can be fully utilized by either of the Districts, with the Elementary District designated as the prime agency. (See "THE DISTRICTS – Interlocal Agreement Cooperative Fund" herein.)
[4] The Districts utilized Interlocal Funds in (i) 2020/21 for bonus pay, termination pay, technology supplies, and a food service truck; (ii) 2021/22 for retirement incentive, curriculum, lighting, for retirement incentives, curriculum and assessment, and lighting updates; and (iii) 2022/23 for termination pay, technology supplies, curriculum, property/liability insurance, contracted services, mental health services, extracurriculars, driver's education, and special education.

Source: The Districts' Audits and Trustees' Financial Summary Reports

DRAFT

HIGH SCHOOL DISTRICT ONLY

High School District No. 1 (Helena)
Lewis and Clark County, Montana

Summary of Balance Sheet – General Fund

As of June 30, 2021 through 2026

The Districts have audits that are combined for the years shown below. The High School General Fund results shown below were extracted from the High School District's Trustees' Financial Summary, which financial statements are unaudited, and an opinion has not been rendered on such results. Totals may not foot due to rounding.

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
ASSETS						
Cash and Cash Equivalents	$2,218,007	$2,265,364	$2,435,728	$2,261,073	$2,525,903	$2,701,696
Taxes Receivable	204,511	175,180	191,552	190,155	243,726	198,657
Other Receivables	3,513	93,866	2,041	102,873	1,261	0
Prepaid Expenses	8,215	22,706	516	13,623	0	1,925
TOTAL ASSETS	$2,434,246	$2,557,115	$2,629,837	$2,567,724	$2,770,891	$2,902,278
LIABILITIES						
Accounts Payable	$3,253	$23,578	$92,857	$73,514	$46,575	$124,322
TOTAL LIABILITIES	$3,283	$23,578	$92,857	$73,514	$46,575	$124,322
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Prop. Tax	$204,511	$175,180	$203,349	$190,155	$243,726	$210,976
TOTAL DEFERRED INFLOWS OF RESOURCES	$204,511	$175,180	$203,349	$190,155	$243,726	$210,976
FUND BALANCES						
Assigned	$113,079	$2,913	$13,319	$5,750	$18,547	$0
Unassigned	2,113,373	2,355,445	2,320,311	2,298,304	2,462,042	2,566,980
TOTAL FUND EQUITY	$2,226,452	$2,358,358	$2,333,631	$2,304,054	$2,480,589	$2,566,980
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	$2,434,246	$2,557,115	$2,629,837	$2,567,724	$2,770,891	$2,902,278

Source: The Districts' Audits and Trustees' Financial Summary Reports

DRAFT

INTERLOCAL FUND

Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2021 through 2026

Represents the Interlocal Fund that can be fully utilized by either of the Districts, with the Elementary District designated as the prime agency. (See "THE DISTRICTS – Interlocal Agreement Cooperative Fund" herein.) Totals may not foot due to rounding.

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
Revenues:						
Interest	$16,470	$20,258	$218,252	$311,549	$261,326	$330,757
Other	0	1,249	49,157	695	884	11,733
Total Revenue	$16,470	$21,507	$267,409	$312,244	$262,211	$342,490
Expenditures:						
Instruction	$980,550	$1,133,635	$1,819,123	$640,521	$565,175	$421,031
Support Services	104,582	94,162	480,263	218,693	4,274	8,452
General Administration	6,681	0	295,162	97,615	18,508	0
School Administration	72,719	7,477	17,001	6,253	17,899	9,343
Business Administration	13,061	0	1,072,221	1,175,951	595,582	285,618
Operation and Maintenance	82,446	0	2,434	16,461	11,794	68,965
Transportation	7,019	0	0	0	268,558	0
Community Services	1,005	0	0	0	0	0
Extracurricular	2,361	10,709	35,101	57,805	26,693	29,913
Capital Outlay	0	265,550	0	0	0	70,940
Total Expenditures	$1,270,424	$1,511,534	$3,721,304	$2,213,299	$1,508,483	$894,261
Excess (Deficiency) of Revs Over Exp.	$(1,253,954)	$(1,490,027)	$(3,453,895)	$(1,901,055)	$(1,246,272)	$(551,771)
Transfers In from Other Funds[1]	2,002,267	1,070,999	1,260,149	1,684,804	1,757,752	1,064,667
Transfers In from High School District	1,566,480	1,343,771	396,777	330,740	671,803	1,342,901
Change in Fund Balance	$2,314,793	$924,743	$(1,796,969)	$114,489	$1,183,283	$1,855,797
Fund Balance, July 1	5,519,665	7,838,725	9,094,581	6,978,824	7,427,523	8,266,522
Net Change in Encumbrances	4,266	331,112	(318,786)	334,209	(344,284)	(6,516)
Fund Balance, June 30[2]	$7,838,725	$9,094,581	$6,978,824	$7,427,523	$8,266,522	$10,115,803

[1] Transfers in from other funds typically are from the General Fund, Transportation Fund, Adult Education Fund, and non-major funds for each District as determined by the Districts' administration. Funds may not be transferred from the Retirement Fund, Debt Service Fund, or the Compensated Absences Liability Fund, or as further prohibited by law or the Agreement.

[2] The Districts utilized Interlocal Funds in (i) 2020/21 for bonus pay, termination pay, technology supplies, and a food service truck; (ii) 2021/22 for retirement incentive, curriculum, lighting, for retirement incentives, curriculum and assessment, and lighting updates; and (iii) 2022/23 for termination pay, technology supplies, curriculum, property/liability insurance, contracted services, mental health services, extracurriculars, driver's education, and special education.

Source: The Districts' Financial Summary Reports

DRAFT

INTERLOCAL FUND

Summary of Statements of Revenues Collected, Expenditures Paid, and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2021 through 2026

Represents the Interlocal Fund that can be fully utilized by either of the Districts, with the Elementary District designated as the prime agency. (See "THE DISTRICTS – Interlocal Agreement Cooperative Fund" herein.) Totals may not foot due to rounding.

	Unaudited 2020/21	Unaudited 2021/22	Unaudited 2022/23	Unaudited 2023/24	Unaudited 2024/25	Unaudited 2025/26
ASSETS						
Cash and Cash Equivalents	$7,838,725	$9,094,581	$6,991,733	$7,430603	$8,553,641	$10,272,141
Prepaid Expenses	0	0	0	21,323	0	2,541
TOTAL ASSETS	$7,838,725	$9,094,581	$6,991,733	$7,451,927	$8,553,641	$10,274,682
LIABILITIES						
Other Liabilities	$0	$0	$12,909	$24,403	$287,119	$158,879
TOTAL LIABILITIES	$0	$0	$12,909	$24,403	$287,119	$158,879
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue-Prop. Tax	$0	$0	$0	$0	$0	$0
TOTAL DEFERRED INFLOWS OF RESOURCES	$0	$0	$0	$0	$0	$0
FUND BALANCES						
Nonspendable						
Assigned-Reserved for Encumbrances	$4,266	$335,378	$16,591	$350,800	$6,516	$0
Unassigned	7,834,459	8,759,203	6,962,232	7,076,729	8,260,006	10,115,803
TOTAL FUND EQUITY[2]	$7,838,725	$9,094,581	$6,978,824	$7,427,523	$8,266,522	$10,115,803
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	$7,838,725	$9,094,581	$6,991,732	$7,451,927	$8,533,641	$10,274,682

[1] The General Fund, as presented in the audited financial statements, includes the Elementary General Fund, High School General Fund, Elementary Flexibility Fund, and the Interlocal Fund. The Interlocal Fund can be fully utilized by either of the Districts.
[2] The Districts utilized Interlocal Funds in (i) 2020/21 for bonus pay, termination pay, technology supplies, and a food service truck; (ii) 2021/22 for retirement incentive, curriculum, lighting, for retirement incentives, curriculum and assessment, and lighting updates; and (iii) 2022/23 for termination pay, technology supplies, curriculum, property/liability insurance, contracted services, mental health services, extracurriculars, driver's education, and special education.

Source: The Districts' Financial Summary Reports

DRAFT

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION

DRAFT

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following discussion includes descriptive information obtained from a variety of sources. The information is presented to provide the reader with an overview of the Districts and Lewis and Clark County area economy, but is not intended to be exhaustive or comprehensive.

General Information

The Districts are located in Lewis and Clark County (the "County") located in central Montana and encompass the City of Helena ("Helena"), the State Capital and County seat, and portions of the surrounding area. The Districts' facilities are located throughout Helena, which is located at the intersection of Interstate 15 and U.S. Highway 12, approximately 88 miles south of the City of Great Falls, 115 miles east of the City of Missoula, and 100 miles northwest of the City of Bozeman. According to the United States Census Bureau, Helena had a 2025 population estimate of 35,138, an increase of 9.4% over the 2020 Census estimate of 32,108, making it the 6th largest municipality in the State based on population. According to the U.S. Bureau of the Census, the County had a 2025 population estimate of 75,331, an increase of 6.1% over the 2020 Census estimate of 70,971 making it the 6th largest county in the State based on population.

The County's economy is closely tied to the economy of Helena and is influenced by the contributions of governmental entities and trade center activities.

Government

Government at the state and local levels represents the largest component of the County's economy due primarily to Helena serving as the State Capital. In 2025, government (federal, state and local) provided approximately 28% of employment in the County according to the U.S. Department of Labor. Governmental entities also provided 30% of non-farm personal income in the County. Other than state government, local governmental entities, such as Helena, the County, and area schools, employ a significant number of people and are among the top employers in the County. Approximately 70% of the personal income from governmental entities was derived from state and local sources with the remaining 30 derived from federal and military sources.

Trade Center

Helena is a retail, financial, transportation, and service center for the area. Tourism also contributes to the area's status as a trade center and is becoming a more important component of the area's economy. Helena is located midway between Yellowstone and Glacier National Parks, which had 4,762,988 and 3,136,557 visitors in 2025, respectively. The State Capitol Building, other State buildings, Carroll College, the Montana Historical Museum and other museums, and many historic locations in the area attract a large number of visitors. Visitors are also attracted to the numerous water recreation opportunities located within a 35-mile radius at Canyon Ferry Lake, Hauser Lake and Holter Lake, all created by large dams on the Missouri River, and to numerous outdoor activities of the Rocky Mountains. The Great Divide Ski Area is located approximately 30 miles north of Helena.

Helena and surrounding area also offer a wide variety of entertainment throughout the year. Helena is home to the Governor's Cup, a renowned running race. A local symphony, an annual jazz festival, rodeos, concerts, a national art show, the Archie Bray Foundation for Ceramic Arts and the Grand Street Theater provide the area with a mix of culture and fine arts.

DRAFT

The Great Northern Town Center, located in downtown Helena, is in the northern portion of the Central Business District near Carroll College. The Great Northern Town Center encompasses approximately 11 acres and previously was the location of vacated railroad spurs that have been developed into business, office, retail, lodging, entertainment and living space.

Several new restaurants, stores, and other retail businesses have opened within the past year or are expected to open by early 2027. These include several coffee shops; a new Stockman Bank location following its acquisition of Helena Capital Bank; Aspen Dental; Genesis Clothing Outlet near Target; and A-Mart, a downtown Helena market specializing in Southeast Asian foods and ingredients. Businesses opening in or near the Skyway Regional Shopping Center near Costco include Tractor Supply Co., Jersey Mike's, Club Pilates, Independence Bank, and Chick-fil-A.

In April 2026, developer Citivest Commercial announced plans to undertake a major redevelopment of the former Shopko building, which closed in 2019 and has remained vacant since that time. The project will renovate the building to accommodate six new storefronts expected to open in early 2027, including Boot Barn, Dunham's Sports, a hair salon, a gym, a restaurant, and an insurance company.

Redevelopment plans are underway for the former Albertsons property on Fee Street. Startup Development Partners plans to renovate the building to accommodate up to three tenants, including O'Reilly Auto Parts, and has also received proposals for a drive-through coffee shop. In addition, Bath & Body Works and Buckle have submitted building and development plans for the property currently occupied by Furniture Design Center.

St. Peter's Community Hospital ("St. Peter's") is a 99-bed acute care hospital that provides a full range of services including physician clinics, 24-bed behavioral unit, urgent care clinics, home health and hospital care, cancer care, dialysis, and ambulance services. St. Peter's is among the top employers in the County with over 1,700 employees. Shodair Children's Hospital provides specialty care in the area of children's psychiatric care and genetic services. The Veteran's Affairs Hospital (the "VA Hospital") at Fort Harrison is a 34-bed acute care facility, with 6 ICU beds and a 24-bed inpatient residential rehabilitation facility.

Higher Education

Carroll College and the Helena College of Technology provide post-secondary educational opportunities in the area. Carroll College is a major employer in the County. The campus is comprised of 64-acres in the heart of Helena. The institution offers bachelor's and associate degrees in some 60 majors. Carroll College has been ranked as the #1 Regional College in the West for 11 of the past 12 years by U.S. News & World Report. The following table demonstrates fall enrollment trends at Carroll College for the years shown.

Year	Estimated Fall Enrollment
2025	1,100
2024	1,167
2023	1,103
2022	1,180
2021	1,100
2020	1,108
2019	1,231
2018	1,335
2017	1,362
2016	1,380

Source: National Center for Education Statistics

DRAFT

The Helena College of Technology, a division of the University of Montana, offers 32 associate degrees and certificate of completion programs. Many of the courses are transferable to four-year institutions. The following table demonstrates enrollment trends for the Helena College of Technology for the years shown.

Student Enrollment Trends

	Annualized FTE Student Enrollment			
School Year	Resident	Non-Resident	Total	Fall Head Count
2025/26	708	23	731	1,575
2024/25	681	32	714	1,559
2023/24	674	37	712	1,496
2022/23	645	28	673	1,433
2021/22	634	25	658	1,468
2020/21	638	19	657	794
2019/20	721	26	747	1,425
2018/19	778	27	805	1,530
2017/18	808	28	836	1,424
2016/17	831	25	856	1,396

Source: Montana University System

Population Trends

Historical population figures for Helena, the County and the State of Montana since 1980 are set forth below to show population trends in the area. According to the U.S. Census Bureau estimates released January 2026, the Elementary District and High School District had 2024 estimated populations of 59,266 and 62,062, respectively.

Year	City of Helena	Percent of Change	Lewis and Clark County	Percent of Change	State of Montana	Percent of Change
2025[1]	35,138	9.4%	75,331	6.1%	1,144,694	5.6%
2020	32,108	13.9	70,971	12.0	1,084,221	9.6
2010	28,190	9.4	63,395	13.8	989,415	9.7
2000	25,780	4.8	55,716	17.3	902,195	12.9
1990	24,609	2.8	47,495	10.4	799,065	1.6
1980	23,938	n/a	43,039	n/a	786,690	n/a

[1] Estimate as of July 1.

Source: United States Census Bureau

DRAFT

Major Private Employers

The major private employers in the County as of 2024 as reported by the Montana Department of Labor and Industry are shown below. Local school districts (including the Districts), Federal government, State government, the County, and Helena comprise some of the largest public employers in the County.

Employer	Type of Business	Estimated Number of Employees
1. St Peters Hospital	Healthcare	1,000 +
2. Blue Cross Blue Shield of Montana	Insurance	250-499
3. Boeing Aerospace Operations	Airplane Part Manufacturer	250-499
4. Carroll College	Higher Learning	250-499
5. MT Bloom LLC	Dispensary	250-499
6. Shodair Children's Home & Hospital	Healthcare	250-499
7. Town Pump	Convenience Stores	250-499
8. Walmart	Retailer	250-499
9. Costco	Wholesale Club	100-249
10. West Mont	Supported Living for Disabled	100-249

Source: Montana Department of Labor and Industry, Quarterly Census of Employment and Wages Program

Employment by Major Industry

The table below sets forth the total number of employees in the County for the years and industries shown.

	2021	2022	2023	2024	2025
Employment	36,787	37,989	39,037	39,957	39,670
Government					
Federal	1,956	1,929	2,098	2,121	1,970
State	6,469	6,272	6,486	6,782	6,708
Local	2,360	2,411	2,343	2,335	2,336
Private					
Natural Resources and Mining	342	369	389	376	0
Construction	1,669	2,035	2,173	2,099	2,076
Manufacturing	923	945	1,020	1,106	0
Trade, Transportation, & Utilities	5,491	5,657	5,790	5,905	6,129
Information	469	456	433	398	0
Financial Activities	1,903	1,918	1,948	1,944	2,004
Professional & Business Services	3,453	3,867	4,023	4,183	3,995
Education & Health Services	6,055	6,105	6,238	6,313	6,393
Leisure & Hospitality	3,962	4,160	4,110	4,175	4,105
Other Services	1,729	1,853	1,961	2,160	2,014
Unclassified	6	13	25	61	0

Source: U.S. Department of Labor, Bureau of Labor Statistics

DRAFT

Earnings By Industry

The following table shows the County wage and salary, labor and proprietors' earnings by major industry type for the years shown. Figures shown are in thousands.

	2020	2021	2022	2023	2024
Total Personal Income	$3,828,060	$4,260,069	$4,374,447	$4,771,652	$5,062,987
Earnings by Industry:					
Farm	7,812	2,319	10,891	11,821	8,377
Non-farm	2,727,209	2,958,625	3,193,195	3,485,724	3,720,623
Private	1,822,369	2,006,344	2,227,985	2,430,299	2,604,756
Ag. Services, Forestry and Fishing	2,860	3,579	2,981	3,947	4,004
Mining	16,386	17,257	20,347	21,421	21,807
Utilities	(D)	(D)	(D)	(D)	(D)
Construction	165,390	169,988	219,989	242,937	244,270
Manufacturing	75,138	72,632	81,187	96,672	111,074
Wholesale Trade	54,135	60,007	66,314	78,421	(D)
Retail Trade	181,299	194,532	215,317	233,173	244,531
Transportation and Warehousing	(D)	(D)	(D)	(D)	(D)
Information	43,448	55,157	68,267	76,986	77,448
Finance, Insurance	205,446	234,540	232,429	245,558	260,058
Real Estate, Leasing and Rental	55,184	77,618	80,418	75,245	78,605
Professional and Technical Services	248,030	268,767	319,662	368,085	395,901
Management of Companies	9,095	7,439	13,456	15,569	18,603
Administrative and Waste Services	61,463	76,981	90,103	92,065	97,390
Educational Services	36,372	41,392	43,906	44,449	48,232
Healthcare and Social Assistance	381,421	409,737	429,898	447,052	473,084
Arts, Entertainment and Recreation	16,932	21,462	23,806	27,317	46,591
Accommodation and Food Services	73,192	104,560	109,046	124,894	129,422
Other Services	131,835	132,170	147,106	161,374	188,236
Government	904,840	952,281	965,210	1,055,425	1,115,867
Federal/Civilian	228,136	236,717	254,592	301,580	323,619
Military	10,999	11,395	12,600	13,224	13,623
State and Local	665,705	704,169	698,018	740,621	778,625

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the totals.

Source: U.S. Department of Commerce Regional Economic Information System Bureau of Economic Analysis

DRAFT

Labor Force and Unemployment

The table below shows the County employment figures as well as the State of Montana and United States unemployment rates since 2016.

	Lewis and Clark County		- - - - - - - - Unemployment Rates - - - - - - - -		
Year	Labor Force	Employment	Lewis & Clark County	State of Montana	United States
2026[1]	37,573	36,301	3.4%	3.6%	4.4%
2025	37,525	36,353	3.1	3.3	4.3
2024	37,398	36,351	2.8	3.0	4.0
2023	36,955	36,007	2.6	2.7	3.6
2022	36,437	35,514	2.5	2.7	3.6
2021	35,579	34,468	3.1	3.4	5.3
2020	35,653	33,841	5.1	5.8	8.1
2019	35,575	34,478	3.1	3.5	3.7
2018	35,045	33,852	3.4	3.7	3.9
2017	34,943	33,700	3.6	4.1	4.4
2016	35,011	33,804	3.4	4.3	4.9

[1] Preliminary; subject to change. Annualized information is not available for 2026; therefore, the 2026 information presented is the average through June 2026.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Personal Income Trends

The following table shows total and per capita personal income growth in the County for the years shown.

Year	Total Personal Income (000's)	Percent of Change	Per Capita Income	Percent of Change
2023	$5,062,987	6.1%	$67,391	5.9%
2022	4,771,652	9.1	63,782	0.4
2021	4,374,447	2.9	59,370	8.9
2020	4,260,069	11.2	58,746	7.6
2019	3,828,060	---	53,781	---

Source: U.S. Department of Commerce, Regional Economic Information System, Bureau of Economic Analysis

Building Permit Trends

The residential new construction building permit trends for Helena for calendar years 2021 through 2025 are shown below.

Helena Residential New Construction Building Permits

	2021	2022	2023	2024	2025
Number of Permits	106	101	76	115	106
Number of Units	244	223	88	103	400
Value	$44,082	$44,367	$25,959	$58,305	$83,655

Source: City of Helena

DRAFT

APPENDIX C

CONTINUING DISCLOSURE

DRAFT

CONTINUING DISCLOSURE

Purpose and Beneficiaries

In order to permit participating underwriters in the primary offering of the Elementary District Bonds and the High School District Bonds, respectively, to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), the Elementary District will covenant and agree in the Elementary District Bond Resolution and the High School District will covenant and agree in the High School District Bond Resolution that it will enter into a continuing disclosure undertaking for the benefit of the Owners (as hereinafter defined) from time to time of any Elementary District Bonds and High School District Bonds, respectively, that are outstanding to provide annual reports of specified information and notice of the occurrence of certain events as hereinafter described (the "Disclosure Covenants") to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system website ("EMMA").

The Elementary District is the only "obligated person" in respect of the Elementary District Bonds and the High School District is the only "obligated person" in respect of the High School District Bonds within the meaning of the Rule. The information to be provided on an annual basis, the events as to which notice is to be given and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth below.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Bonds or the Bond Resolutions. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the Elementary District or High School District (collectively, the "Districts") to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Elementary District Bonds and High School District Bonds, respectively, and their market price.

If the Districts fail to comply with any of the Disclosure Covenants, any person aggrieved thereby, including the Beneficial Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any such covenant contained herein, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default thereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under the Disclosure Covenants constitute a default under the Bonds or under any other provision of the Bond Resolutions.

As used herein, "Owner" or "Bondowner" means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, "Beneficial Owner" means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

DRAFT

Information To Be Disclosed

The Districts will provide either directly or indirectly through an agent designated by the Districts, the following information at the following times and in the following manner.

Ongoing Annual Information. On or before March 31 (or the next succeeding business day if that day is not a business day) following the end of each fiscal year of the Districts commencing with the fiscal year ended June 30, 2026, the following financial information and operating data in respect of the Districts (the "Disclosure Information") will be provided to the MSRB as described below. Such Disclosure Information may be unaudited and, for financial statement information, shall be for the most recent completed fiscal year of the Districts and, for operating data, shall be the operating data for the then most recent completed fiscal year compiled by the Districts and publicly available under applicable data privacy or other law:

Annual Financial Statements:

(1) audited financial statements of the Districts for the then most recent completed fiscal year or if unavailable by the date specified, the Districts shall provide on or before such date unaudited financial statements as part of the Disclosure Information and, within 10 business days after the receipt of thereof, the Districts shall provide the audited financial statements.

The audited financial statements are to be prepared in accordance with generally accepted accounting principles or as otherwise provided under State law, as such principles may be changed from time to time as permitted by State law. If and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Districts, the discrepancies will be noted.

Operating Data: updated information for the Districts for the then most recent completed fiscal year (commencing with fiscal year ended June 30, 2026), which may be unaudited, compiled by the Districts and publicly available under applicable data privacy or other law to include:

(2) general obligation bonds outstanding;
(3) assessed/market valuation and taxable valuation;
(4) the Districts' enrollment; and
(5) tax collection figures for the then most recent completed fiscal year in format similar to the tables on page 41 in the section "Tax Collections."

The Disclosure Information will be provided to the MSRB commencing with the Districts' fiscal year ended June 30, 2026 and may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the internet website of the MSRB or filed with the Securities Exchange Commission (the "SEC"). In the event that the Districts' fiscal year (currently, a fiscal year ending June 30) is changed as may be required or permitted by State law, the Districts would provide notice of the same as described under "—Certain Other Information" herein and amend its filing date in the manner described under "Amendments; Interpretation" herein.

If any part of the Disclosure Information is changed because it can no longer be generated because the operations of the Districts have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Districts include in the Disclosure Information a statement to such effect; provided, however, if such discontinued operations have been replaced by other operations of the Districts in respect of which data is not included in the Disclosure Information and the Districts determine that certain specified data regarding such replacement operations would be material then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations.

DRAFT

If the Disclosure Information is changed or the Disclosure Covenants are amended as permitted by the Bond Resolutions, then the Districts are to include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Certain Events. In a timely manner, but not in excess of 10 business days of the occurrence of an event, the Districts must file with the MSRB through EMMA in an electronic format as prescribed by the MSRB, if any, notice of the occurrence of any of the following events:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership, or similar event of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

As used herein, for those events that must be reported if material, an event is "material" if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed under the Disclosure Covenants or information generally available to the public. Notwithstanding the foregoing sentence, an event is also "material" if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

DRAFT

For purposes of paragraphs (15) and (16) above, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of either (i) or (ii). A "financial obligation" does not include municipal security for which a final official statement has been provided to the MSRB consistent with the Rule.

Certain Other Information. The Districts will provide notice in a timely manner to the MSRB through EMMA in an electronic format as prescribed by the MSRB notice of the occurrence of any of the following events or conditions:

(1) the failure of the Districts to provide the Disclosure Information at the time specified under "Annual Information" herein;

(2) the amendment or supplementing of the Disclosure Covenants pursuant to the Bond Resolutions, together with a copy of such amendment or supplement and any explanation provided by the District under "Amendments" herein; and

(3) any change in the fiscal year of the Districts.

Manner of Disclosure

The Districts agree to make available the information described herein under "Information To Be Disclosed" to the following entities by electronic, telecopy, overnight delivery, mail or other means, as appropriate:

(A) the information described under "Information To Be Disclosed" to the MSRB through EMMA in an electronic format as prescribed by the MSRB;

(B) the information described under "Information To Be Disclosed" to any rating agency then maintaining a rating of the Bonds and, at the expense of such Bondowner, to any Bondowner who requests in writing such information at the time of the transmission under clause (A) above as the case may be, or, if such information is transmitted with a subsequent time of release, at the time such information is to be released; and

(C) all documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Term

The Disclosure Covenants are to remain in effect until all Bonds have been paid or defeased under the Bond Resolutions.

DRAFT

Amendments; Interpretation

The Disclosure Covenants and the form and requirements of the Disclosure Information may be amended or supplemented by the Districts from time to time, without notice to or the consent of the Bondowner of any Bonds, by resolution or ordinance of the Districts filed in the Districts accompanied by an opinion of Bond Counsel, who may rely on certificates of the Districts and others and the opinion may be subject to customary qualification to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the Districts or the type of operations conducted by the Districts, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule, assuming that such provisions apply to the Bonds. If the Disclosure Information is so amended, the Districts agree to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

The Disclosure Covenants are entered into as a continuing disclosure undertaking to provide continuing disclosure identical to that required by the continuing disclosure provisions of the Rule and should be construed so the undertaking would satisfy the requirements of paragraph (b)(5) of the Rule, assuming it was otherwise applicable to the Bonds.

Further Limitation of Liability of Districts

None of the agreements or obligations of the Districts contained in the Disclosure Covenants shall be construed to constitute an indebtedness of the Districts within the meaning of any constitutional or statutory provisions whatsoever or constitute a pledge of the general credit or taxing powers of the Districts.

DRAFT

APPENDIX D

FORMS OF LEGAL OPINIONS

DRAFT

[draft form of bond counsel opinion]

[to be dated the date of issuance of the Bonds]

Elementary School District No. 1 (Helena),
Lewis and Clark County, Montana
Helena, Montana

D.A. Davidson & Co.
Great Falls, Montana

Re: $[_____] General Obligation School Building Bonds, Series 2026
Elementary School District No. 1 (Helena), Lewis and Clark County, Montana

DRAFT

Dated: _____, 2025.

Very truly yours,

DRAFT

[draft form of bond counsel opinion]

[to be dated the date of issuance of the Bonds]

High School District No. 1 (Helena),
Lewis and Clark County, Montana
Helena, Montana

D.A. Davidson & Co.
Great Falls, Montana

Re: $[_____] General Obligation School Building Bonds, Series 2026
High School District No. 1 (Helena), Lewis and Clark County, Montana

DRAFT

Very truly yours,

DRAFT

APPENDIX E

BOOK-ENTRY SYSTEM

DRAFT

BOOK-ENTRY SYSTEM

The information presented below was obtained from The Depository Trust Company ("DTC") and the Districts make no representation as to the accuracy or completeness thereof. As used herein, "Issuer" refers to the Districts and "Securities" refers to the General Obligation School Building Bonds, Series 2026, of the Elementary District and General Obligation School Building Bonds, Series 2026, of the High School District.

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

2. 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 for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Securities with DTC and their registration in the name of Cede & Co., or such other nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

DRAFT

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

10. 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, Security certificates will be printed and delivered to DTC.

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

DRAFT

APPENDIX F

HELENA PUBLIC SCHOOLS
(ELEMENTARY AND HIGH SCHOOL COMBINED)
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED
JUNE 30, 2025

DRAFT

[APPENDIX G

SPECIMEN MUNICIPAL
BOND INSURANCE POLICY]

DRAFT

Helena Public Schools
Lewis and Clark County, Montana

General Obligation School Building Bonds, Series 2026

$11,500,000 Elementary School District ["ESD"]
and
$80,000,000 High School District ["HSD"]

Moody's Presentation: October 7, 2026 ~ 1:00 P.M. (MT)

Participants

Moody's Investor Service, Inc.

Lianne Gonsalves, Analyst

(415) 274-1712 | lianne.gonsalves@moodys.com

Rory McLeod, Analyst

(415) 274-1746 | rory.mcleod@moodys.com

Helena Elementary and High School Districts

Rex Weltz, Superintendent

(406) 324-2001 | rweltz@helenaschools.org

Samantha (Sam) Holman, Director of Finance

(406) 324-2040 | sholman@helenaschools.org

Jennifer Walsh, Chair

(406) 594-4734 | jwalsh@helenaschools.org

Kay Satre, Vice Chair

(406) 437-3555 | ksatre@helenaschools.org

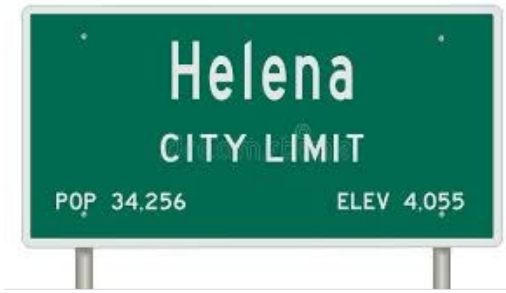
Janet Armstrong, Board Member

(406) 461-5459 | jarmstrong@helenaschools.org

D.A. Davidson & Co., Underwriter

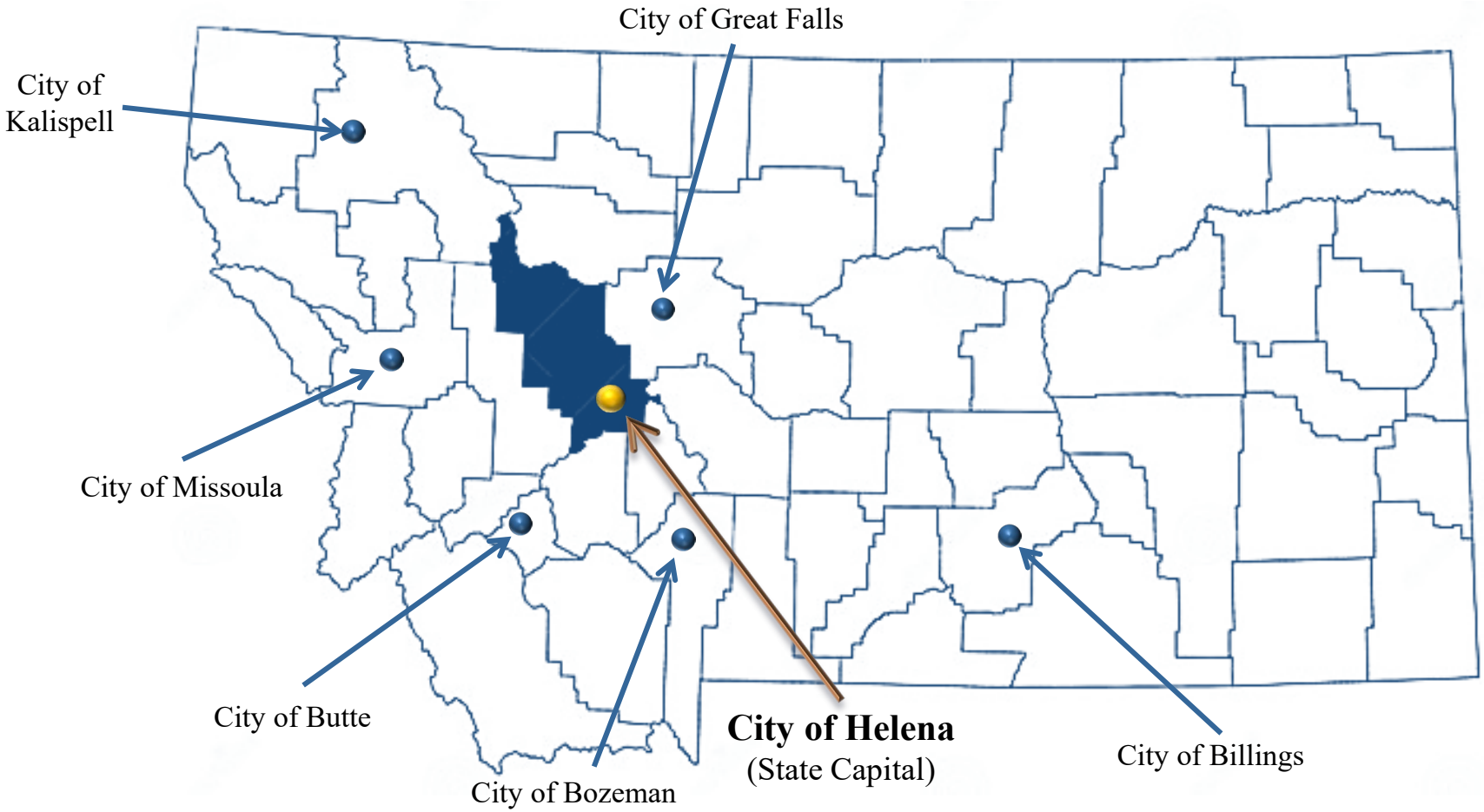
Bridget Ekstrom, Managing Director, Public Finance Banker

(406) 556-6965 | bekstrom@dadco.com



Districts Location

The Districts' facilities are located throughout Helena. Helena, the State Capital and County seat, is located at the intersection of Interstate 15 and U.S. Highway 12, approximately 88 miles south of the City of Great Falls, 115 miles east of the City of Missoula, and 100 miles northwest of the City of Bozeman.



Montana State Capital and Tourism

Montana reported a General Fund ending surplus of $769 million for fiscal year 2025, $277.3 million higher than initially estimated.

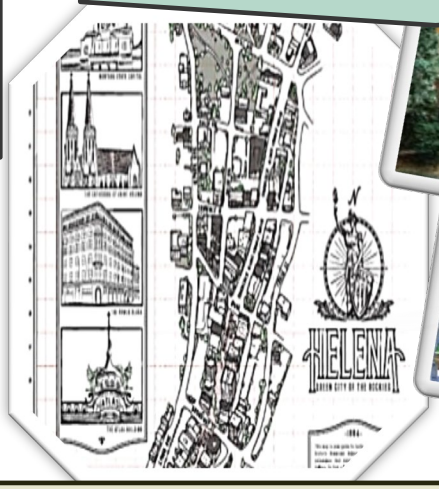
The State of Montana has $0 outstanding General Obligation Debt (Paid off in 2023).

Montana ranks #6 in long term fiscal stability.

Most Recent Ratings
Moody's "Aa1"
S&P "AA"
Fitch "AA+"

The Montana State Capitol Building

Historic Downtown Helena
LAST CHANCE GULCH
REEDER'S ALLEY

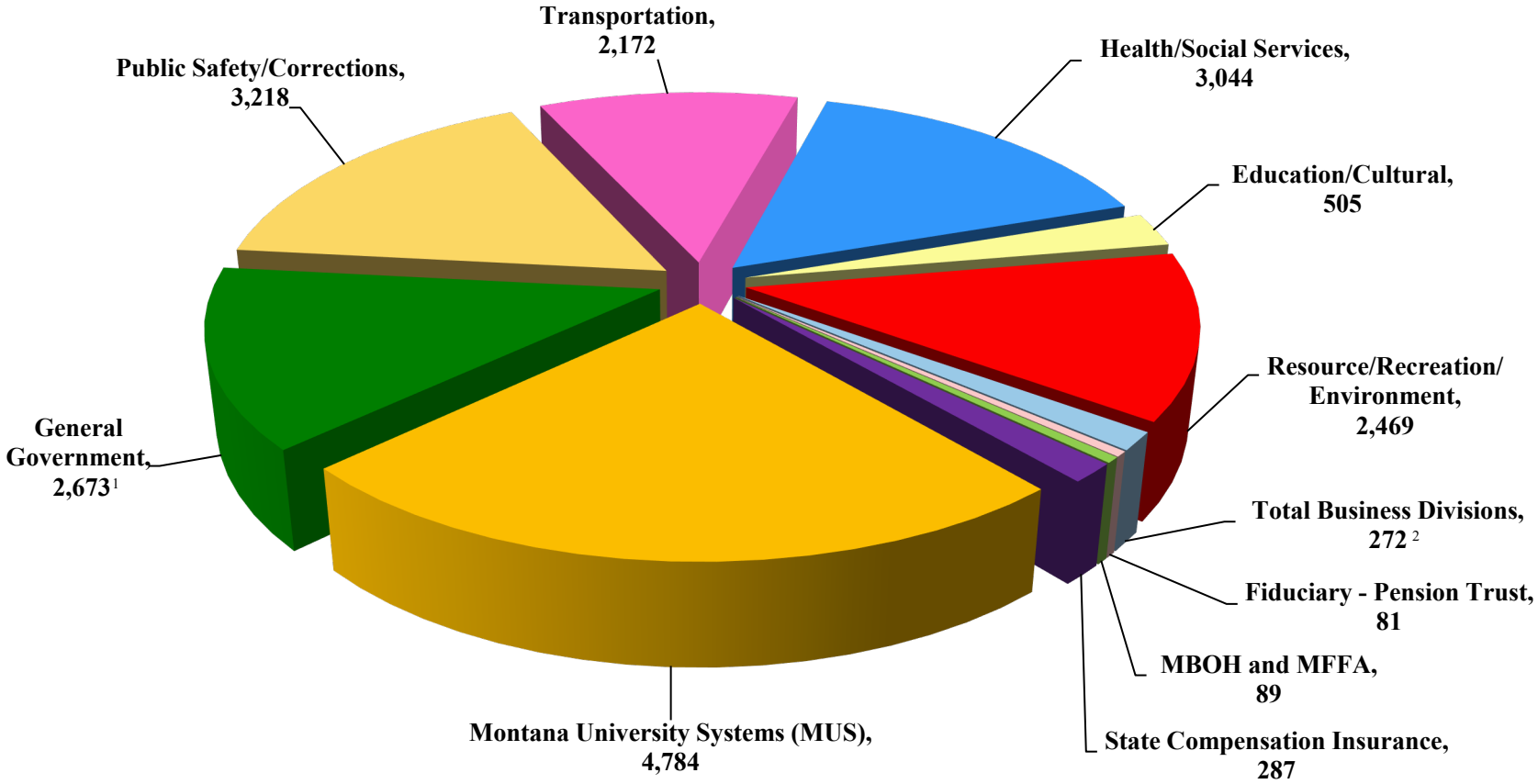


Surrounding features include the Continental Divide, Spring Meadow Lake State Park, Lake Helena, Helena National Forest, Bob Marshall Wilderness, Scapegoat Wilderness, Canyon Ferry Lake, Holter Lake, Gates of the Mountains Wilderness, and the Sleeping Giant Wilderness Study Area.

FUN FACTS:

- Helena was founded in 1864 as a gold camp during the Montana gold rush. Helena has been the capital of the Montana territory since 1875 and the state of Montana since 1889.
- Helena has one of the largest city parks systems in the U.S. of a combined 1,000 acres.
- Helena is located between Yellowstone National Park and Glacier National Park.

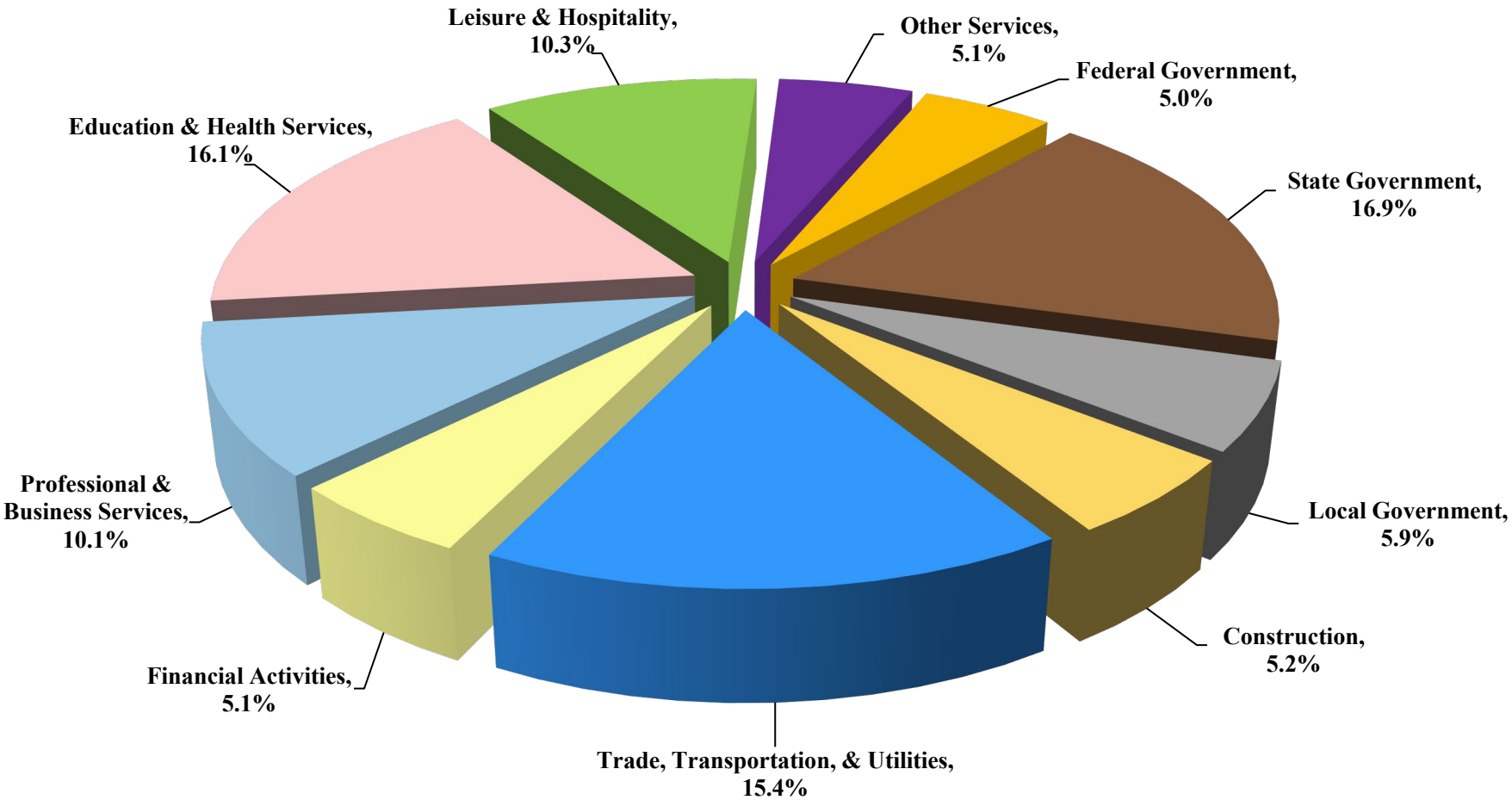
State of Montana Government Full-time Equivalent Employment - 2025



[1] Department of Administration has approximately 500 employees, most of which are located in Helena.
[2] Includes Liquor Stores, State Lottery, Municipal Finance Programs, Hail Insurance, Prison Funds, MUS Group Insurance, and MUS Worker's Compensation.

Source: Statewide Accounting, Budgeting, and Human Resource System

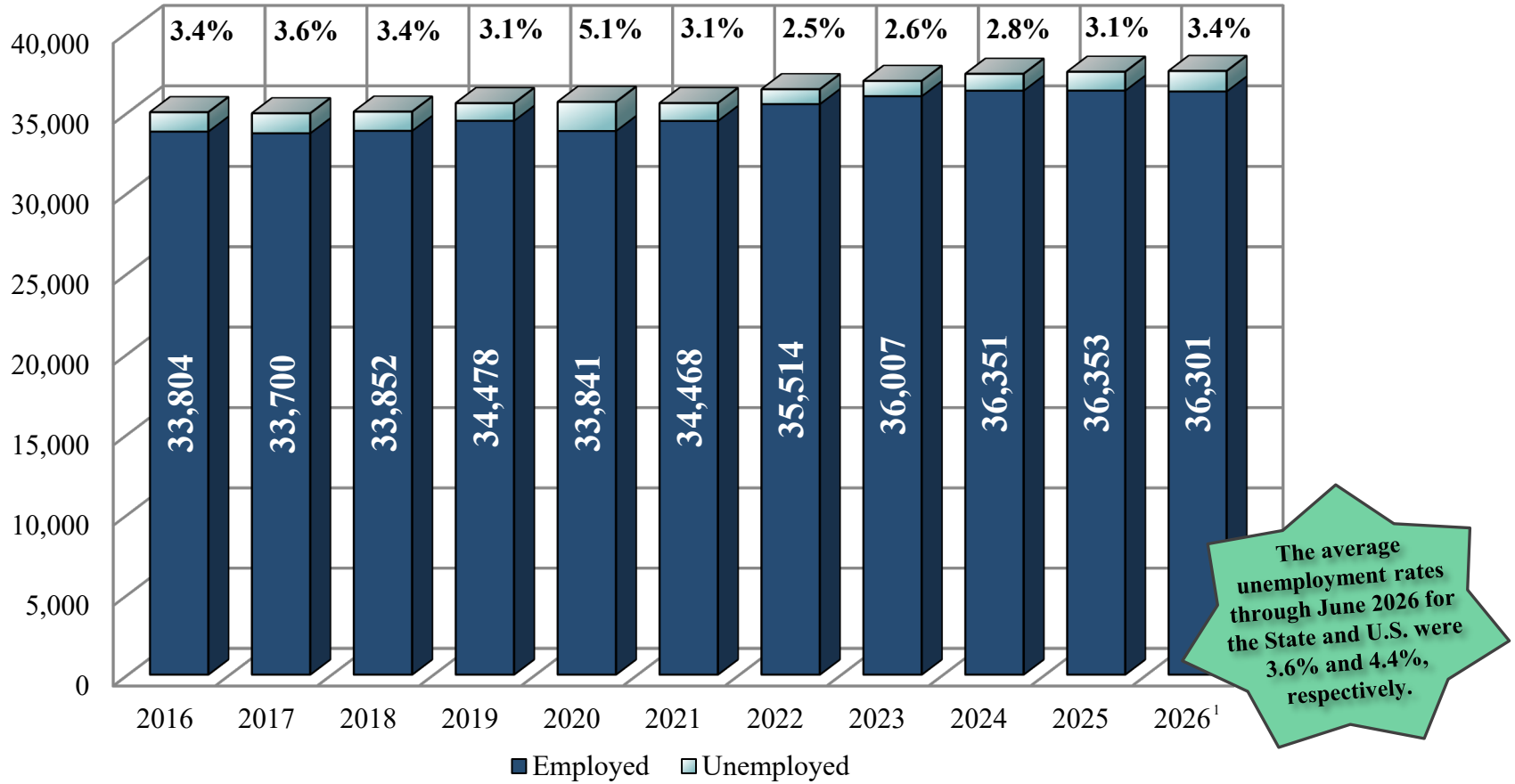
Lewis and Clark County Employment by Major Industry - 2025



Source: U.S. Department of Labor, Bureau of Labor Statistics

Lewis and Clark County Labor Force Trends

Unemployment rates shown in percentages.



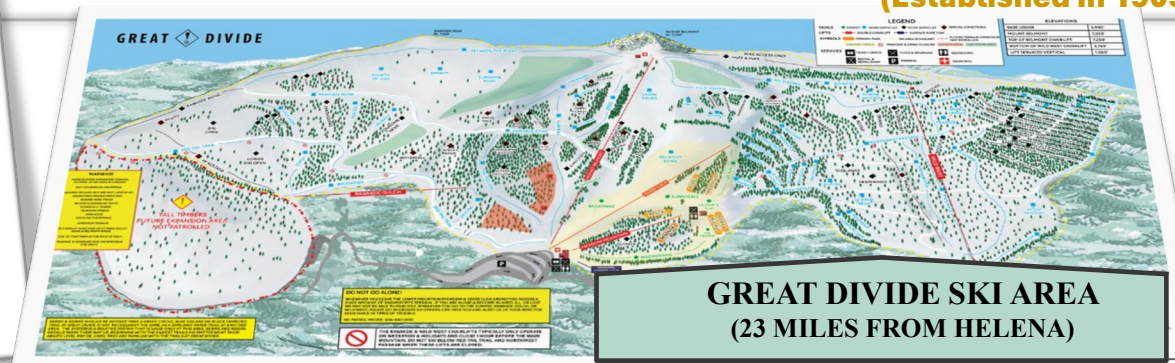
[1] Annualized information is not available for 2026; therefore, the 2026 information presented is the average through June 2026.

Source: U.S. Department of Labor, Bureau of Labor Statistics

Other Economic Highlights of the Area

HOLTER RESERVOIR/DAM, HAUSER RESERVOIR/DAM, CANYON FERRY RESERVOIR/DAM, TOSTON DAM

(Established in 1909)



GREAT DIVIDE SKI AREA
(23 MILES FROM HELENA)

GLACIER PARK
(200 MILES FROM HELENA)

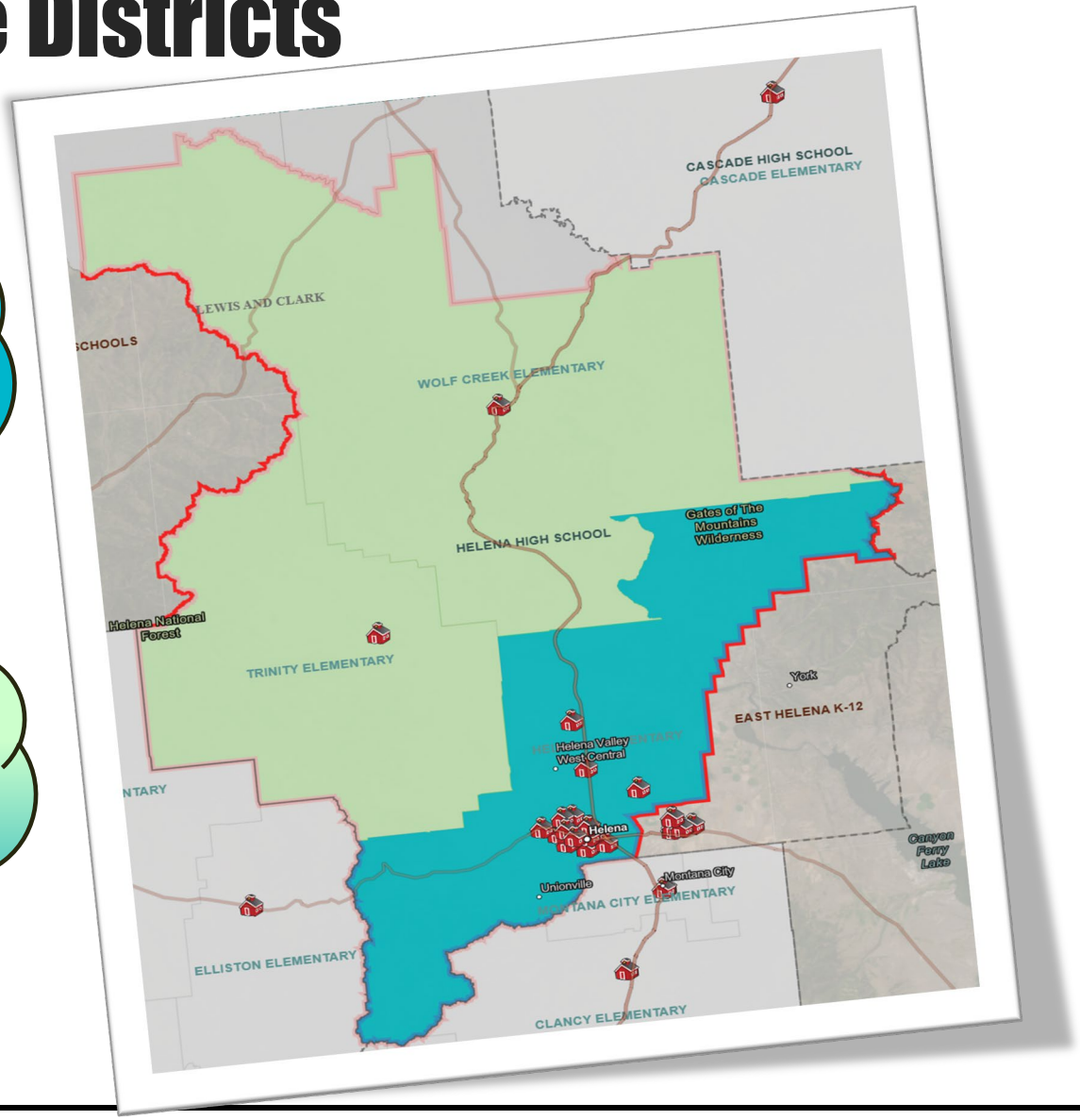
YELLOWSTONE PARK
(177 MILES FROM HELENA)

Lewis & Clark County School Districts

Map of the Districts

The Helena **ESD** encompasses all the area shaded in Blue

The Helena **HSD** encompasses all the area shaded in Blue & Green



Election Results

$43,000,000
ESD
TURNOUT
52.13%
YES – 10,631 (50.9%)
NO – 10,256 (49.1%)

LEWIS AND CLARK COUNTY, MONTANA
SCHOOL DISTRICT BOND ELECTION
TO BE CONDUCTED BY MAIL BALLOT
ON SEPTEMBER 9, 2025

INSTRUCTIONS TO VOTERS: Completely fill in the oval using a blue or black ink pen before the words "BONDS—YES" if you wish to vote for the bond issue; if you are opposed to the bond issue, completely fill in the oval using a blue or black ink pen before the words "BONDS—NO."

Shall the Board of Trustees of Elementary School District No. 1 (Helena), Lewis and Clark County, Montana (the "Elementary School District") be authorized to sell and issue general obligation school building bonds of the Elementary School District in one or more series in an aggregate principal amount of up to Forty-Three Million and No/100 Dollars ($43,000,000.00), bearing interest at rates to be determined at the time of sale, payable semiannually, over a term not exceeding twenty (20) years as to each series of bonds for the purpose of providing funds to pay the costs of demolishing the existing Kessler School building and designing, constructing, furnishing, and equipping a new Kessler School building in replacement thereof sized to accommodate student enrollment and making associated site and other improvements; related improvements and costs, including, but not limited to, transition costs; and paying costs associated with the sale and issuance of the bonds?

If the bond election passes, based on information available to the Elementary School District prior to certification of taxable values, the Elementary School District estimates property taxes on a home with an assessed market value for tax purposes of $100,000 would increase by approximately $13.15 in the first year, of $300,000 would increase by approximately $39.46 in the first year, and of $600,000 would increase by approximately $90.68 in the first year. An increase in property taxes may lead to an increase in rental costs.

○ BONDS – YES

○ BONDS – NO

$240,000,000
HSD
TURNOUT
51.99%
YES – 11,151 (50.8%)
NO – 10,793 (49.2)

FORM OF OFFICIAL BALLOT

HIGH SCHOOL DISTRICT NO. 1 (HELENA),
LEWIS AND CLARK COUNTY, MONTANA
SCHOOL DISTRICT BOND ELECTION
TO BE CONDUCTED BY MAIL BALLOT
ON SEPTEMBER 9, 2025

INSTRUCTIONS TO VOTERS: Completely fill in the oval using a blue or blac
the words "BONDS-YES" if you wish to vote for the bond issue; if you are op
bond issue, completely fill in the oval using a blue or black ink pen before the w
NO."

Shall the Board of Trustees of High School District No. 1 (Helena), Lewis and Clark County, Montana (the "High School District") be authorized to sell and issue general obligation school building bonds of the High School District in one or more series in an aggregate principal amount of up to Two Hundred Forty Million and No/100 Dollars ($240,000,000.00), bearing interest at rates to be determined at the time of sale, payable semiannually, over a term not exceeding thirty (30) years as to each series of bonds for the purpose of providing funds to pay the costs of addressing student safety, deficient facilities, and developing contemporary, appropriate, and safe high school learning and athletic environments, to include (i) demolishing the existing Helena High School building and designing, constructing, furnishing, and equipping a new Helena High School building in replacement thereof, along with associated improvements, including constructing new student job training Career and Technical Education (CTE) instructional spaces configured to enhance student/staff safety and security by being attached to the main building; incorporating various features into the new Helena High School building, including a secure and visible main entrance for students and the community, an auxiliary gymnasium, performing arts space, a central kitchen, and instructional space for the Project for Alternative Learning (PAL); making site improvements, including an instructional and playing field complex (football/track and field) and parking and traffic flow enhancements; and related improvements and costs, including, but not limited to, transition costs; and (ii) demolishing portions of the existing Capital High School building and designing, constructing, equipping, and furnishing improvements to portions of the Capital High School building and campus, including constructing new student job training Career and Technical Education (CTE) instructional spaces configured to enhance student/staff safety and security by being attached to the main building; constructing improvements to the Capital High School building, including secure main student entrances, an auxiliary gymnasium, expanded student commons and cafeteria spaces, improvements to general academic areas, and updated performing arts space; making site improvements, including reconfiguring parking spaces and points of access and reconfiguring and updating athletic and instructional playing fields (football/track and field); and related improvements and costs; and paying the costs associated with the sale and issuance of the bonds?

If the bond election passes, based on information available to the High School District prior to the certification of taxable values, the High School District estimates property taxes on a home with an assessed market value for tax purposes of $100,000 would increase by approximately $73.45 in the first year, of $300,000 would increase by approximately $220.35 in the first year, and of $600,000 would increase by approximately $506.43 in the first year. An increase in property taxes may lead to an increase in rental costs.

O BONDS-YES

O BONDS-NO

Project Information Presented to Voters

Kessler Elementary School

Kessler Elementary School has been a cornerstone of Helena's west side since 1936. Originally named Kenwood School and later renamed in honor of local brickmaker Nickolas Kessler. The building is showing its age. With decades of patchwork additions and outdated infrastructure, Kessler is no longer equipped to meet the needs of modern education. Classrooms are cramped, heating and cooling systems are unreliable, and fire safety systems fall short of current standards. These conditions hinder student learning and comfort and limit the programs the school can offer.

SAFETY & SECURITY RISKS

Drop-off and pick-up areas sit too close to Highway 12, **posing traffic and pedestrian dangers.** Music classes are held in a **detached modular building,** separating students from the main school. Poor site circulation and limited parking add to daily confusion and **safety concerns** for buses, parents, and staff.

BARRIERS TO STUDENT ACCESS

Kessler **falls short in providing equitable access** to all students. Therapy services are located in areas only reachable by stairs, and the lower-level classrooms are also **not wheelchair accessible.** The outdoor playground **lacks inclusive equipment and access routes,** limiting play opportunities for students with disabilities.

SPACES DON'T SUPPORT LEARNING

There's **not enough space** for small group work or special education, and a **shared multi purpose room** for the cafeteria, PE, assemblies, or indoor play. The after-school program has **little storage and no permanent space,** limiting its effectiveness.

DETERIORATING LEARNING ENVIRONMENT

Much of the building is **simply worn out.** Classrooms are **outdated and poorly suited** to today's teaching. Restrooms **lack privacy and accessibility.** The small, **inadequate kitchen** makes it hard to meet food service standards and serve students effectively.

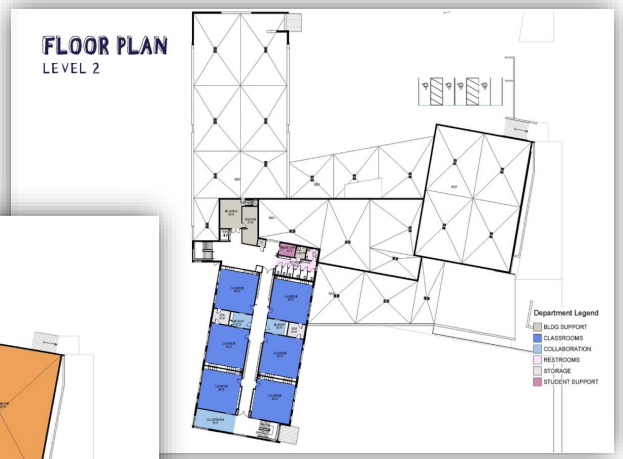
AGING INFRASTRUCTURE & SYSTEMS

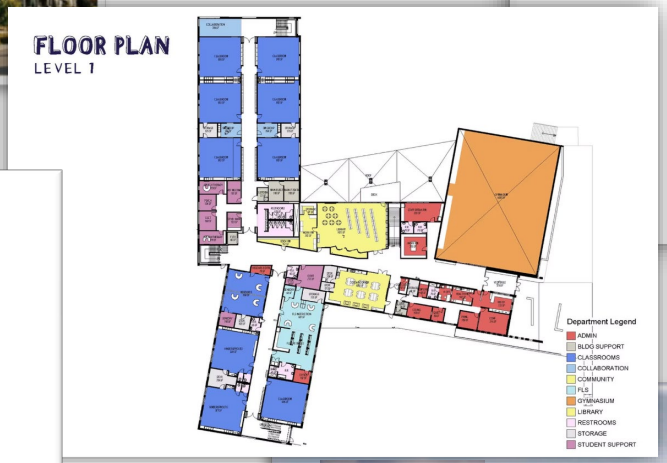
Kessler's core systems—such as HVAC, electrical, and circulation—are **no longer functioning effectively.** The aging HVAC system results in **poor air quality** and **inconsistent temperatures** throughout the building, with no air conditioning to relieve classrooms during warmer months. **Narrow hallways** create bottlenecks during transitions, adding stress and congestion to the school day. The **outdated electrical system** struggles to meet modern demands, and the building's windows—some of the worst in the district—contribute to **significant energy loss and occupant discomfort** year-round.

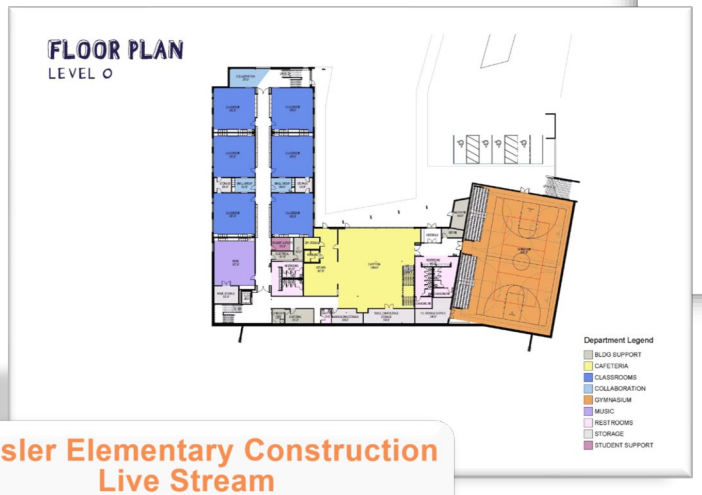
Current Renderings

Kessler Elementary School

A new Kessler Elementary School to replace an outdated, undersized building.







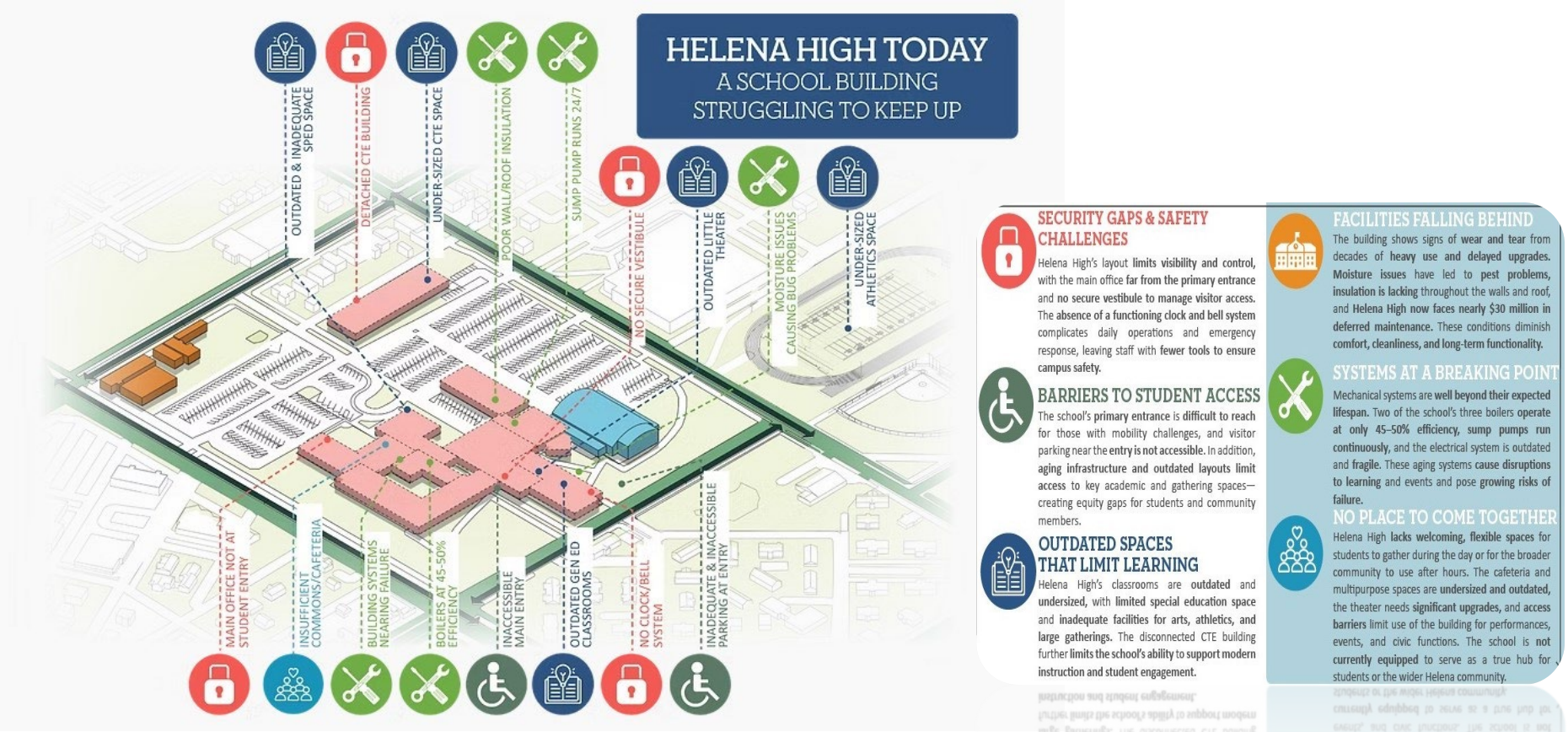
Kessler Elementary Construction Live Stream

COMING SOON

Project Information Presented to Voters

Helena High School

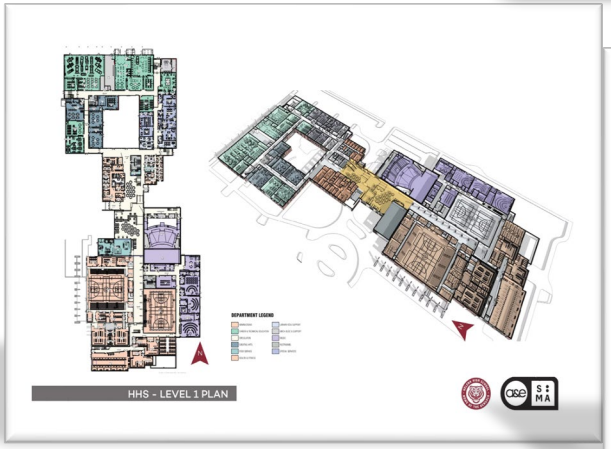
Helena High School, the second-oldest school in Montana and established in 1876, has been in its current building since 1955 – originally constructed on the site of Chinese Gardens and expanded in the early 1980s. Its infrastructure is well behind modern standards. The school hosts a number of critical deficiencies: failing boilers, sinking foundations, outdated electrical systems, and even pest infestations.

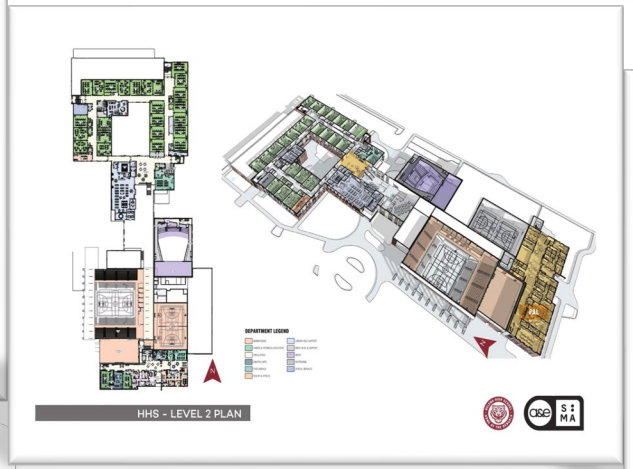


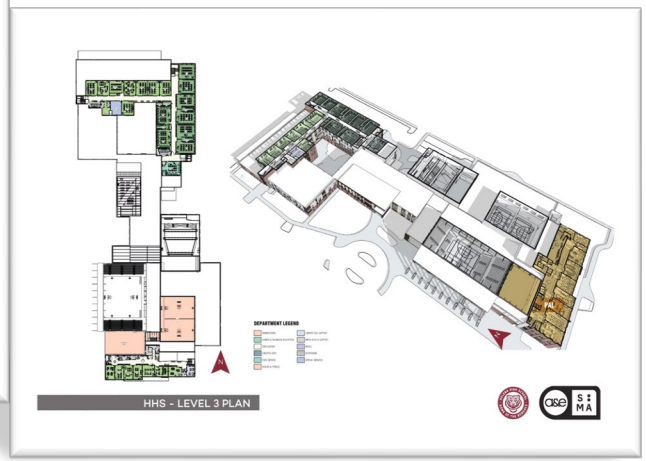
Current Renderings

Helena High School

A new Helena High School to replace the deteriorating facility..







Helena High + PAL + District Kitchen Construction Live Stream

Project Information Presented to Voters

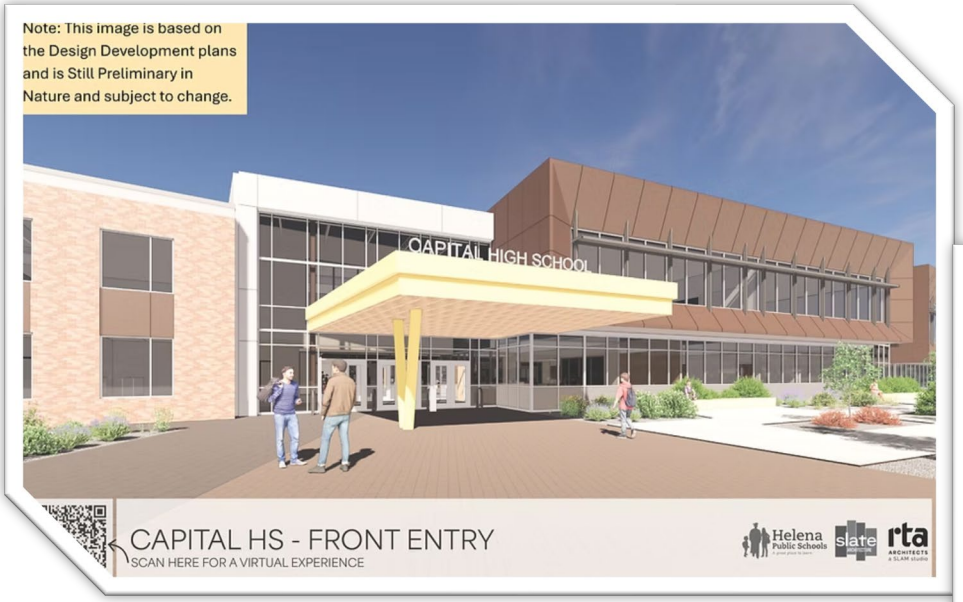
Capital High High School

Founded in 1965 as a Catholic high school and acquired by Helena Public Schools in 1973, Capital High School has served the Helena community for over 50 years. The physical building is overdue for renewal. It now faces more than $14 million in deferred maintenance, spanning heating and ventilation upgrades, roofing, electrical systems, and security improvements. Frequent power outages have even affected classroom instruction and athletic events, highlighting the urgent need for modernization.

Current Renderings

Capital High High School

Significant renovations to Capital High School to address critical infrastructure needs.



Capital High Construction Live Stream

COMING SOON

Project Information Presented to Voters

Helena High School and Capital High School Stadium Project

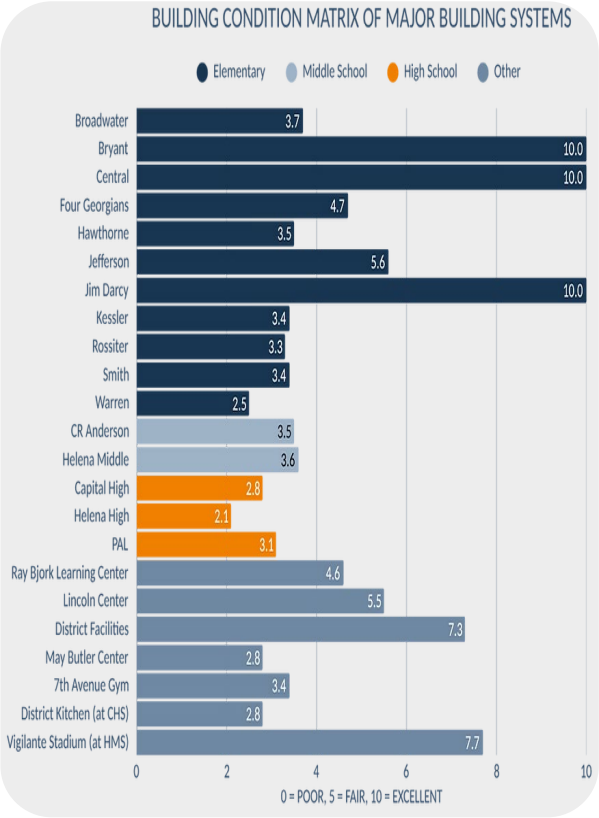
Helena's two high schools—Capital and Helena High—as well as Carroll College track athletes compete at Vigilante Stadium, located at Helena Middle School. The stadium has received surface-level updates—like a resurfaced 10-lane track, new lighting, and some ADA walkways— but it continues to present serious limitations that need major reconfiguration. The stadium struggles to meet full accessibility standards in its spectator areas and athlete facilities. Event restrooms are inadequate, often requiring large numbers of rented porta-potties, and parking is not only insufficient—it poses real safety issues during high-attendance events due to congestion and poor traffic flow.

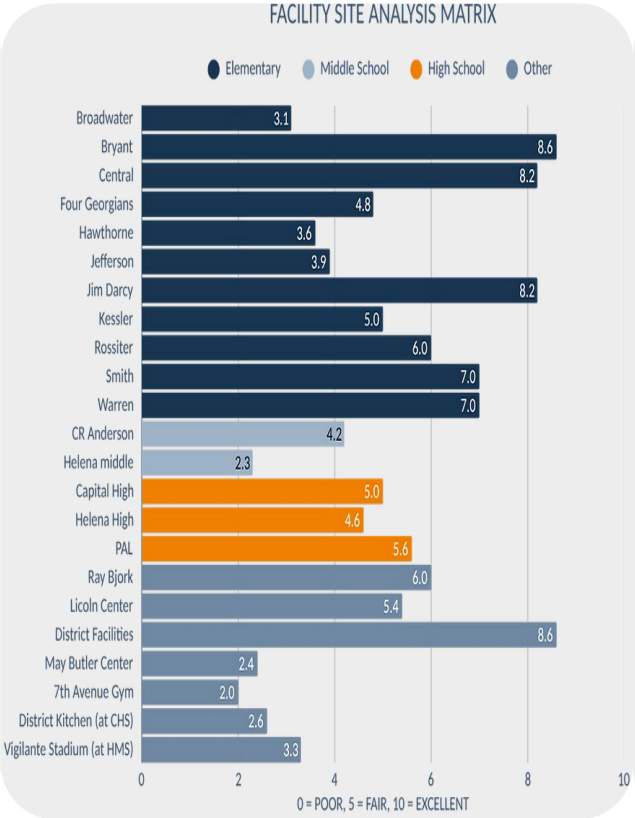
Current Renderings

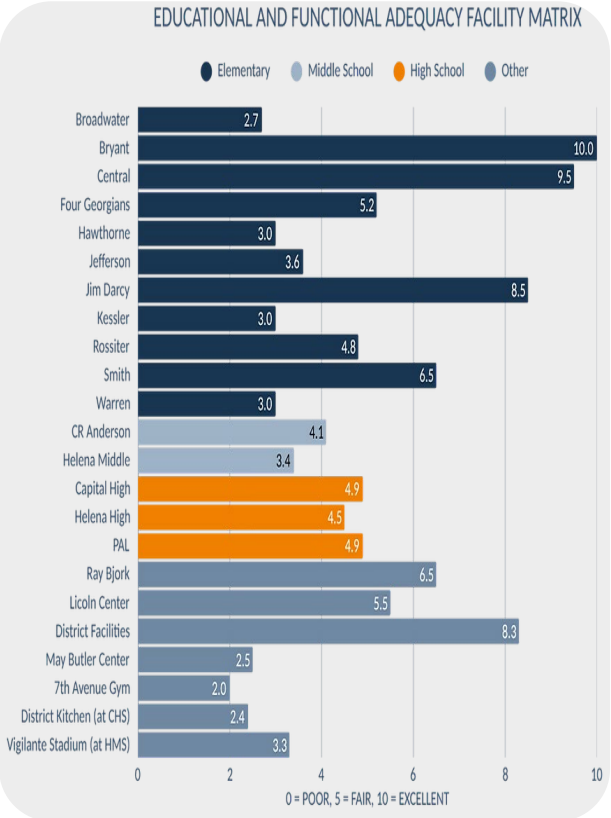
Helena High School and Capital High School Stadium Project

Athletics investments for a new competition field and HHS/CHS Practice Facilities.

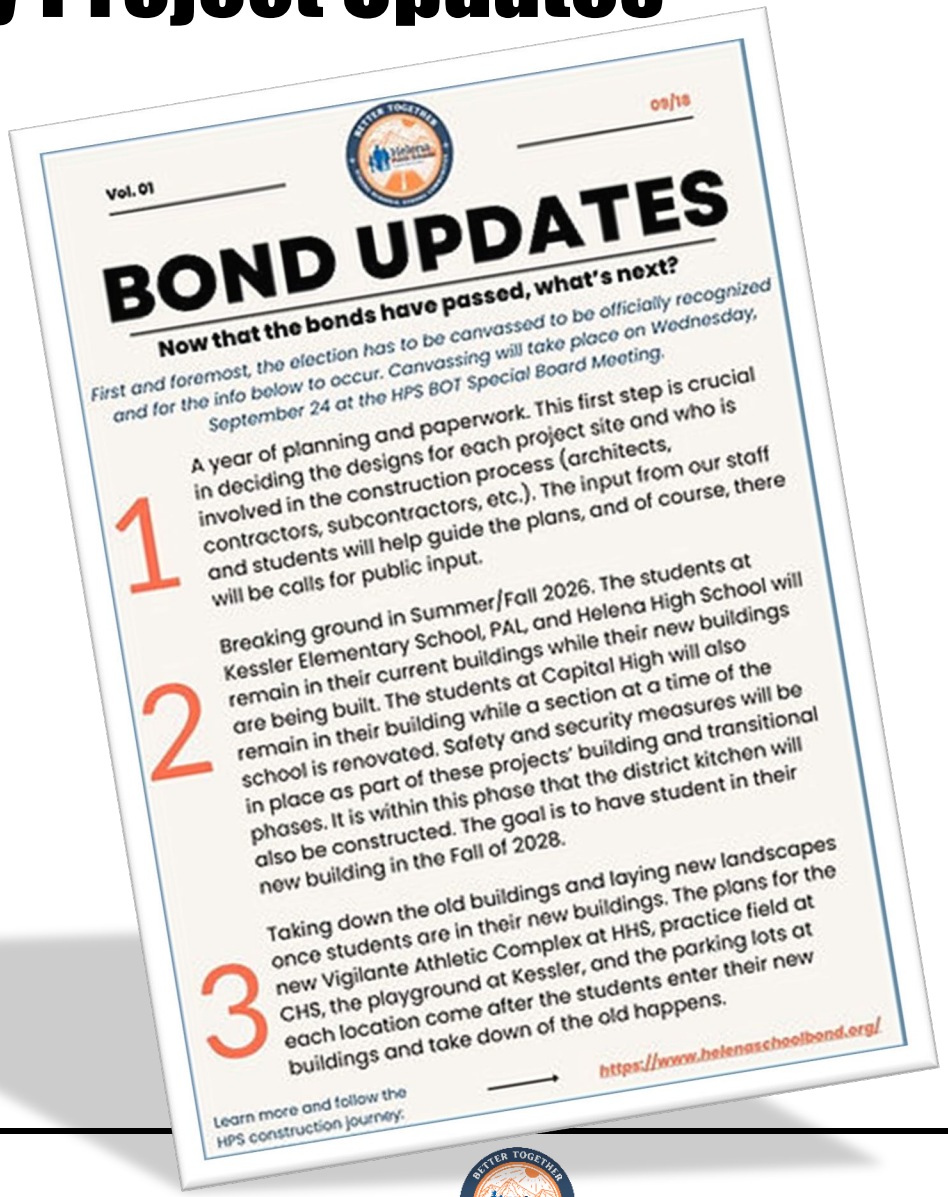
How District Needs Were Prioritized







Weekly Project Updates



Vol. 01

09/18

BOND UPDATES

Now that the bonds have passed, what's next?

First and foremost, the election has to be canvassed to be officially recognized and for the info below to occur. Canvassing will take place on Wednesday, September 24 at the HPS BOT Special Board Meeting.

1 A year of planning and paperwork. This first step is crucial in deciding the designs for each project site and who is involved in the construction process (architects, contractors, subcontractors, etc.). The input from our staff and students will help guide the plans, and of course, there will be calls for public input.

2 Breaking ground in Summer/Fall 2026. The students at Kessler Elementary School, PAL, and Helena High School will remain in their current buildings while their new buildings are being built. The students at Capital High will also remain in their building while a section at a time of the school is renovated. Safety and security measures will be in place as part of these projects' building and transitional phases. It is within this phase that the district kitchen will also be constructed. The goal is to have student in their new building in the Fall of 2028.

3 Taking down the old buildings and laying new landscapes once students are in their new buildings. The plans for the new Vigilante Athletic Complex at HHS, practice field at CHS, the playground at Kessler, and the parking lots at each location come after the students enter their new buildings and take down of the old happens.

Learn more and follow the HPS construction journey: → https://www.helenaschoolbond.org/

Capital High School

Weekly Project Updates (Continued)

BONDS PROJECTS UPDATES: (09/06 - 09/12)

HHS + PROJECT FOR ALTERNATIVE LEARNING (PAL) PROJECT:

Week 45 Recap (08/30 - 09/05):

- **A&E + SMA Design Updates:**
  - HHS/PAL Construction Documents - Week 20
- **Dick Anderson Construction Updates:**
  - Helena Sand and Gravel
    - Foundation Excavation
    - Excavation and flow fill at utilities
  - DAC
    - RAP Layout
    - QC footing forming
    - Set Anchor Bolts
    - Helical Pier Layout
  - GTFC
    - RAP Installation - completed
  - Pioneer Tech
    - Monitor RAP Installation – completed
  - Steed Concrete
    - Forming footings & walls
    - Pour Footings & walls
    - Tie Rebar

Week 46 Look-Ahead:

- **A&E + SMA Design Updates:**
  - HHS/PAL Construction Documents complete, Phase 3 bidding begins!
- **Dick Anderson Construction Updates:**
  - Helena Sand and Gravel
    - Foundation Excavation
    - Backfill Utilities
  - DAC
    - QC footing forming
    - Set Anchor Bolts
    - Helical Pier Layout
  - Central Electric
    - Install Light poles
  - Steed Concrete
    - Forming footings & walls
    - Pour Footings & walls
    - Tie Rebar
  - Specialty Foundation Systems
    - Install Helical Piers

Weekly Project Updates (Continued)

Capital High School

BONDS PROJECTS UPDATES: (09/06 - 09/12)

sodexo

HPS DISTRICT KITCHEN:

Week 45 Recap (08/30 - 09/05):

- **A&E + SMA Design Updates:**
  - Construction , OAC Meetings every Tuesday
- **Dick Anderson Construction Updates:**
  - Matrix
    - Rebar, anchor bolts, Form and pour interior footings
    - Form interior foundation walls and loading dock slabs
  - Tetra Tech
    - Concrete testing and compaction testing of backfill
  - Big Sky Plumbing
    - Install sleeves through the interior foundation on Grid B
  - Slate
    - Install sleeves through the interior foundation on Grid B
  - Mockel
    - Excavate interior spread footings, grid B foundation wall and cooler demising wall
  - Apex
    - Pre-construction site visit

Week 46 Look-Ahead:

- **A&E + SMA Design Updates:**
  - Construction , OAC Meetings every Tuesday
- **Dick Anderson Construction Updates:**
  - Matrix
    - Form interior foundation walls
  - Tetra Tech
    - Concrete testing and compaction testing of backfill
  - Big Sky
    - Interior slab rough-in
  - NWE
    - Supply power to temp meter for trailers and job site.

Weekly Project Updates (Continued)

Capital High School

BONDS PROJECTS UPDATES: (09/06 - 09/12)

CHS PROJECT:

Week 43 Recap (08/30 - 09/05):

- **Slate Architecture • RTA Updates:**
  - Package 3 Bid Opening
  - Reviewing DD Pricing
  - Construction Documents Package 4
  - CTE Equipment Finalization
  - Code Review and Design Updates
- **Langlas & Associates Construction Updates:**
  - Mechanical Well Excavation
  - Interior & Exterior Wall / Slab Saw Cutting
  - Interior Shoring and Bracing For Selective Demolition
  - MEP Demolition Continued
  - Interior Framing Begins
  - MEP Temp-in & Rough-in
  - Bids Due for Package 3
  - DD Pricing Review Continued
  - Precast Samples
  - Structural Steel Review

Week 44 Look-Ahead:

- **Slate Architecture • RTA Updates:**
  - Labor Day
  - OAC Meeting on Site
  - School Board Meeting
  - Reviewing DD Pricing
  - Construction Documents Package 4
- **Langlas & Associates Construction Updates:**
  - Basement Saw Cutting & Demolition Continued
  - Basement Framing Continued
  - Mechanical Well Excavation
  - Electrical & Plumbing Rough-In
  - MEP Coordination Meetings
  - Precast / Steel Coordination Meetings
  - Package 3 Bid
  - DD Budget Review & Coordination
  - Board Meeting

Weekly Project Updates (Continued)

BONDS PROJECTS UPDATES: (09/06 - 09/12)

KESSLER PROJECT:

Week 41 Recap (08/30 - 09/05):

- **Mosaic Architecture + Cushing Terrell Updates:**
  - Week 5 of Construction Documents
  - 8/31: Progress meeting with City of Helena
  - Design Team Coordination Meetings
- **Golden Eagle/Swank Construction Updates:**
  - Coordination Meetings with Design Team
  - Coordination Meeting with City
  - Steel Contractor selection
  - Electrical Contractor prequalification
  - Site & Foundations Bid Prep

Week 42 Look-Ahead:

- **Mosaic Architecture + Cushing Terrell Updates:**
  - Week 6 of Construction Documents
  - 9/8: Bi-Weekly OAC Meeting
  - 9/8: Board of Trustees Update
  - Design Team Coordination Meetings
- **Golden Eagle/Swank Construction Updates:**
  - 9/8: Bi-Weekly OAC Meeting
  - 9/8: Board of Trustees Update
  - Design Team Coordination Meetings
  - Laydown Yard Fencing

Recent Groundbreaking Events

Recent Groundbreaking Events (Continued)

Top 10 Montana County Population Comparisons of the 56 Montana Counties

		2010 Census	2020 Census	2025 Estimate[1]	Percent Change from 2010 to 2020	Percent Change from 2020 to 2025[1]
1.	Yellowstone	147,972	164,722	172,548	11.3%	4.8%
2.	Gallatin	89,513	118,962	128,740	32.9	8.2
3.	Missoula	109,299	117,928	122,471	7.9	3.9
4.	Flathead	90,928	104,354	115,429	14.8	10.6
5.	Cascade	81,327	84,411	85,029	3.8	0.7
6.	Lewis & Clark	63,395	70,971	75,331	12.0	6.1
7.	Ravalli	40,212	44,173	48,582	9.9	10.0
8.	Silver Bow	34,200	35,130	36,118	2.7	2.8
9.	Lake	28,746	31,131	33,392	8.3	7.3
10.	Lincoln	19,687	19,680	22,328	<(0.1)	13.5

[1] Intercensal estimates as of July 1

Source: U.S. Census Bureau

Top 10 Montana City Population Comparisons

(127 Montana Incorporated City/Towns)

According to the estimates released January 2026, the Elementary District and High School District had 2024 estimated populations of 59,266 and 62,062 respectively.

Helena, the State Capital and County seat, is located at the intersection of Interstate 15 and U.S. Highway 12, approximately 88 miles south of the City of Great Falls, 115 miles east of the City of Missoula, and 100 miles northwest of the City of Bozeman.

		2010 Census	2020 Census	2025 Estimate [1]	Percent Change from 2010 to 2020	Percent Change from 2020 to 2025 [1]
1.	Billings	104,170	117,159	121,483	12.5%	3.7%
2.	Missoula	66,788	74,137	78,204	11.0	5.5
3.	Great Falls	58,505	60,478	60,013	3.4	(0.8)
4.	Bozeman	37,280	53,563	57,894	43.7	8.1
5.	Butte	33,525	34,494	35,480	2.9	2.9
6.	**Helena**	**28,190**	**32,112**	**35,138**	**13.9**	**9.4**
7.	Kalispell	19,927	25,078	31,296	25.9	24.8
8.	Belgrade	7,389	10,476	12,741	41.8	21.6
9.	Anaconda/Deer Lodge	9,298	9,425	9,811	1.4	4.1
10.	Whitefish	6,357	7,775	9,256	22.3	19.0

[1] Intercensal estimates as of July 1

Source: U.S. Census Bureau

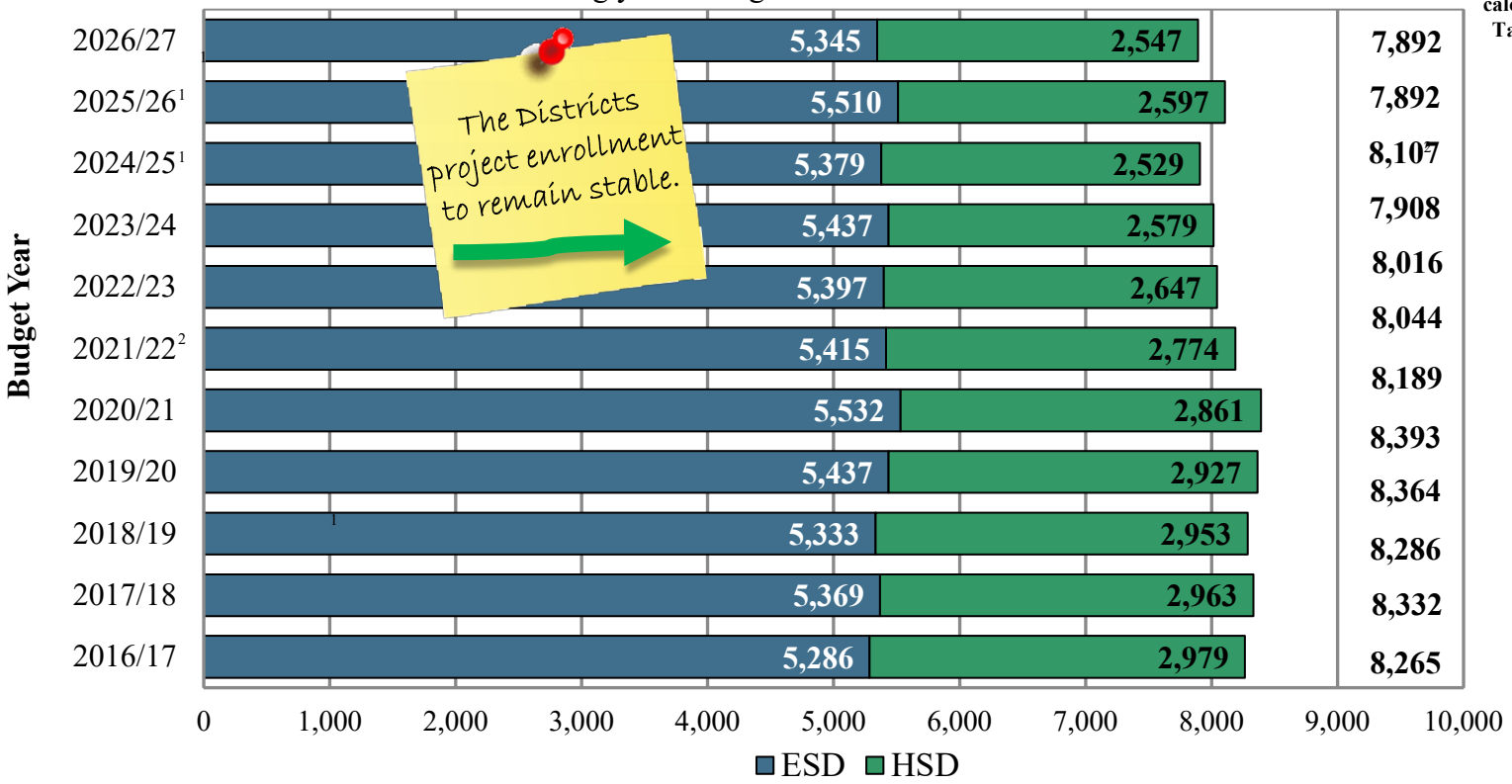
Enrollment Trends

(Budget ANB)

School Year Head Counts Taken - ANB Determines Actual & 3-Year Average

Following Year Budget Uses the Greater of (i) Actual or (ii) 3-Year Average calculated from Head Counts Taken in prior school year.

School enrollment counts for funding purposes are officially taken twice a year, on the first Monday in October and the first Monday in February. Enrollment counts are used to determine the ANB for the following year's budget.

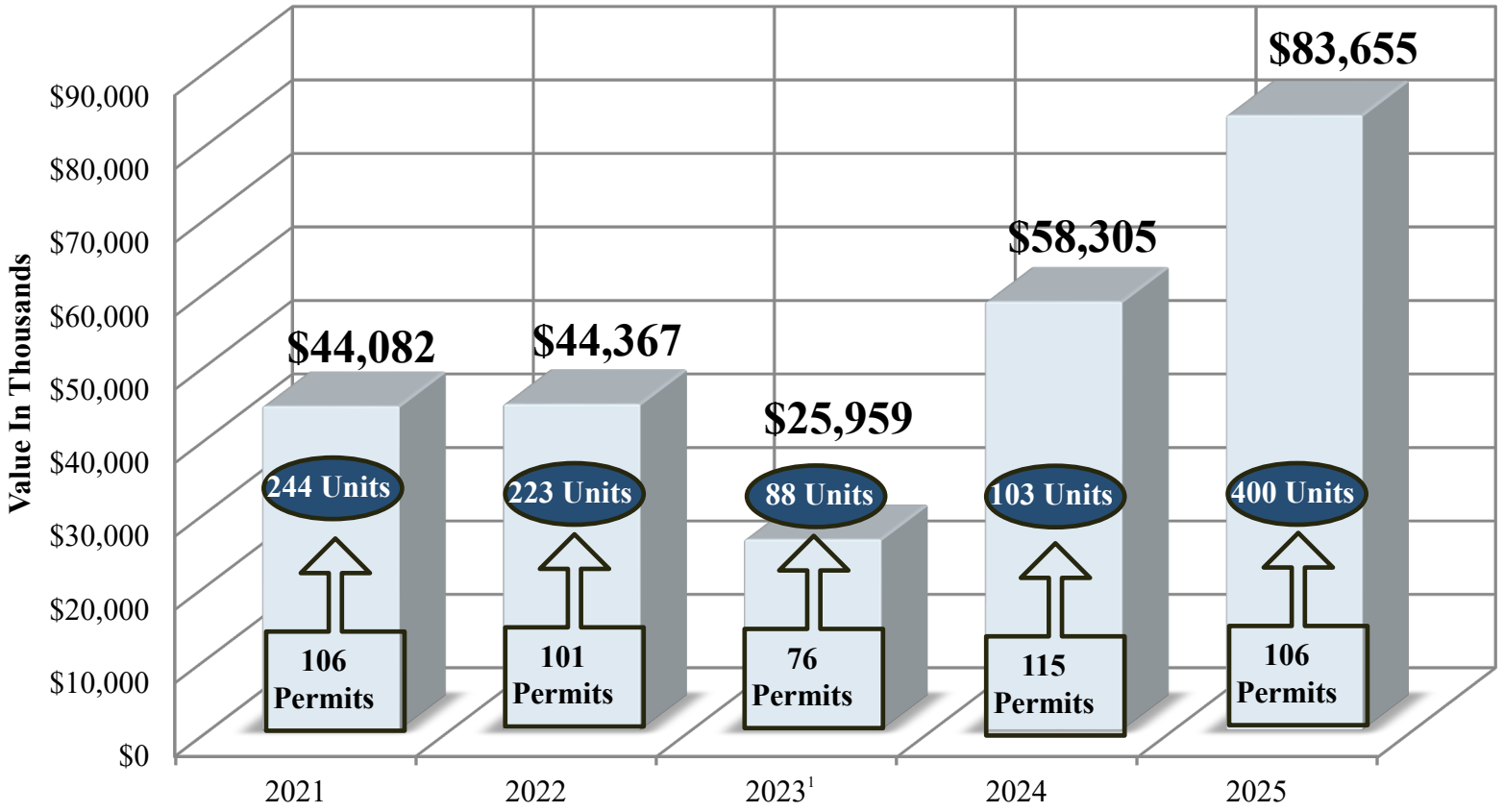


[1] The decline in enrollment mirrors the national trend as a result of declining birth rates.
[2] The decline was a result of the COVID-19 pandemic.

Source: The Districts and OPI

Building Permit Trends

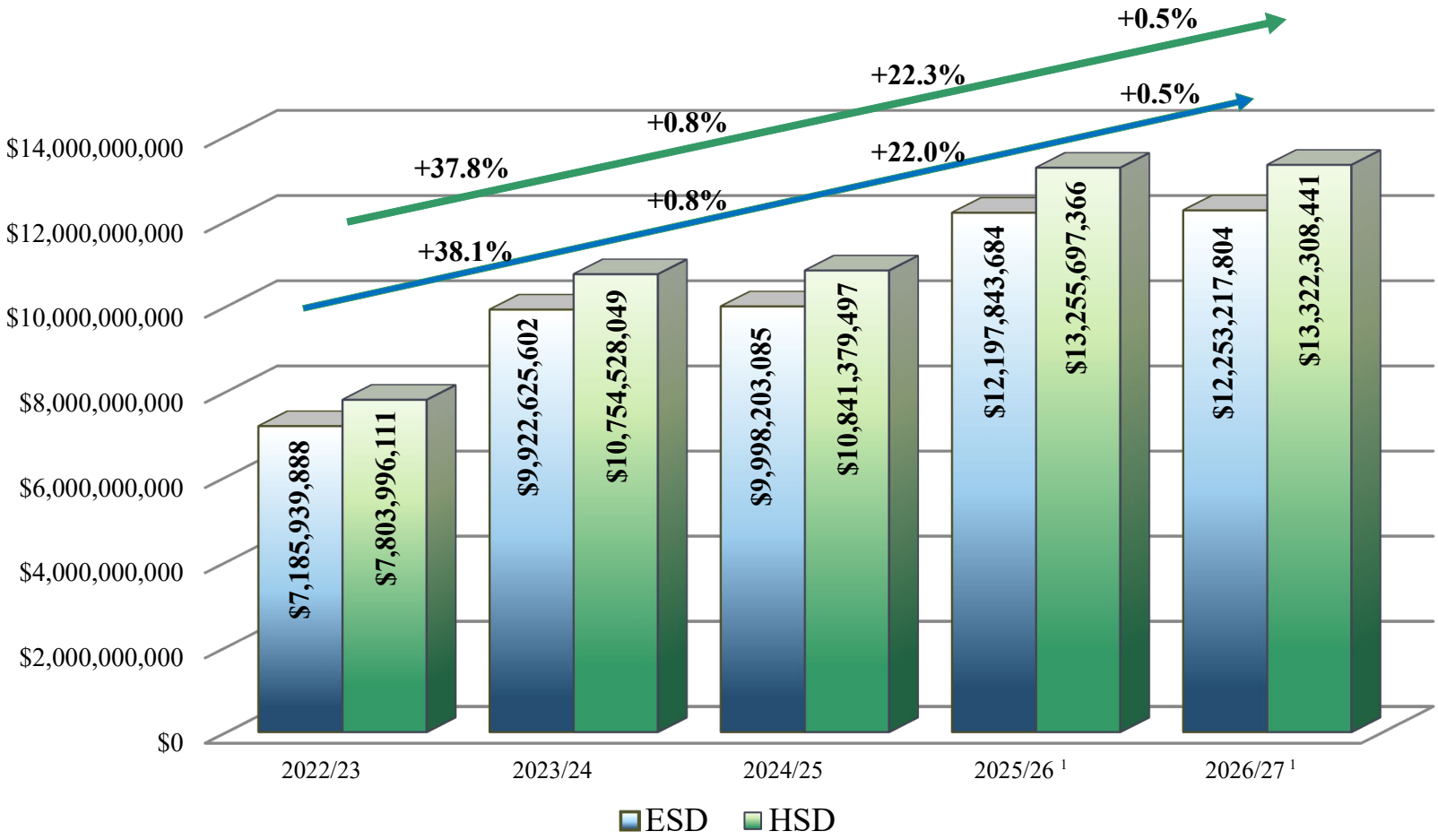
Helena New Residential Construction



[1] The decline was a result of the COVID-19 pandemic.

Source: City of Helena

Trends in Assessed Valuations

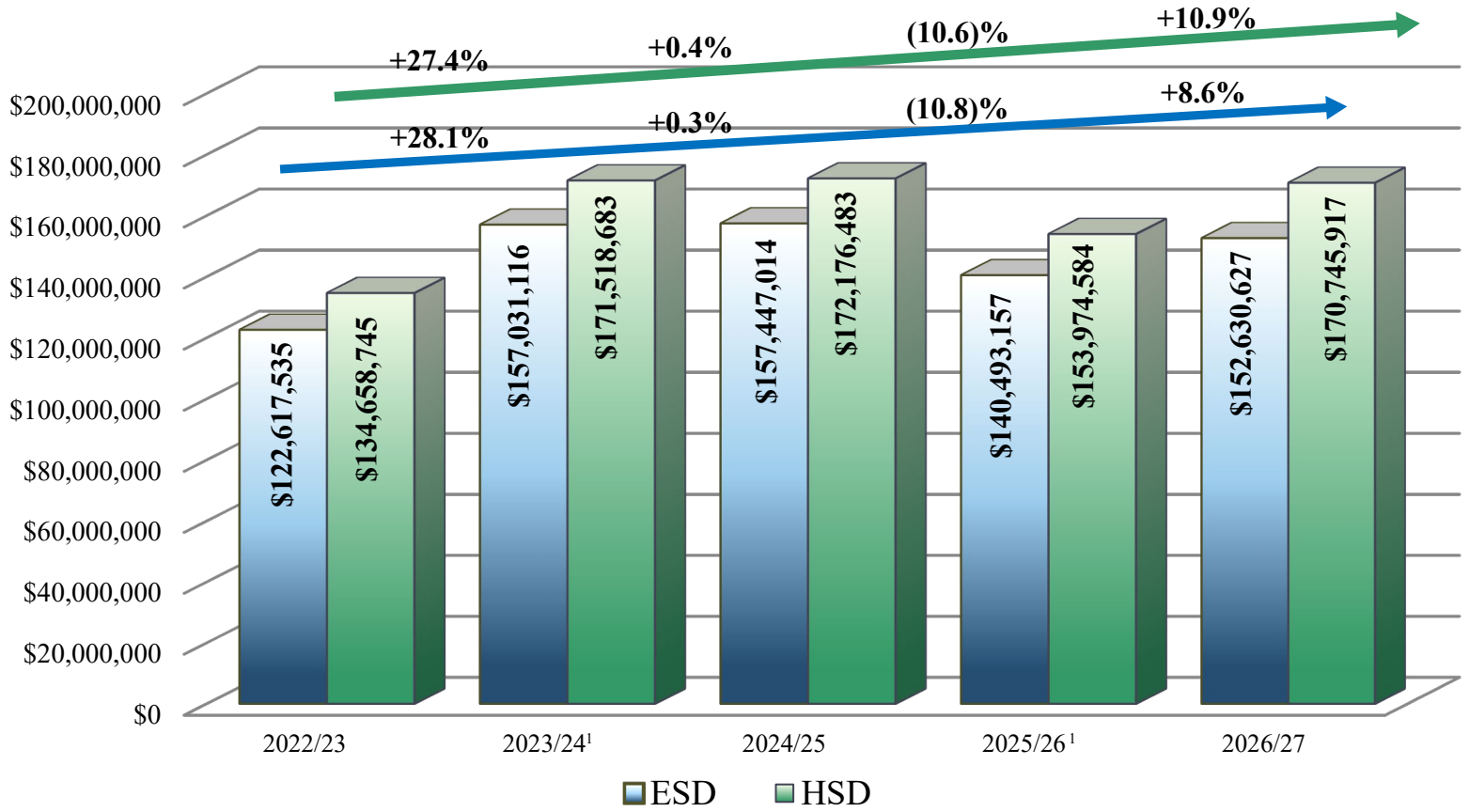


[1] The assessed valuations for fiscal years 2025/26 and 2026/27 are based on the reappraisal effective January 1, 2025.

Source: Department of Revenue

Trends in Taxable Valuations

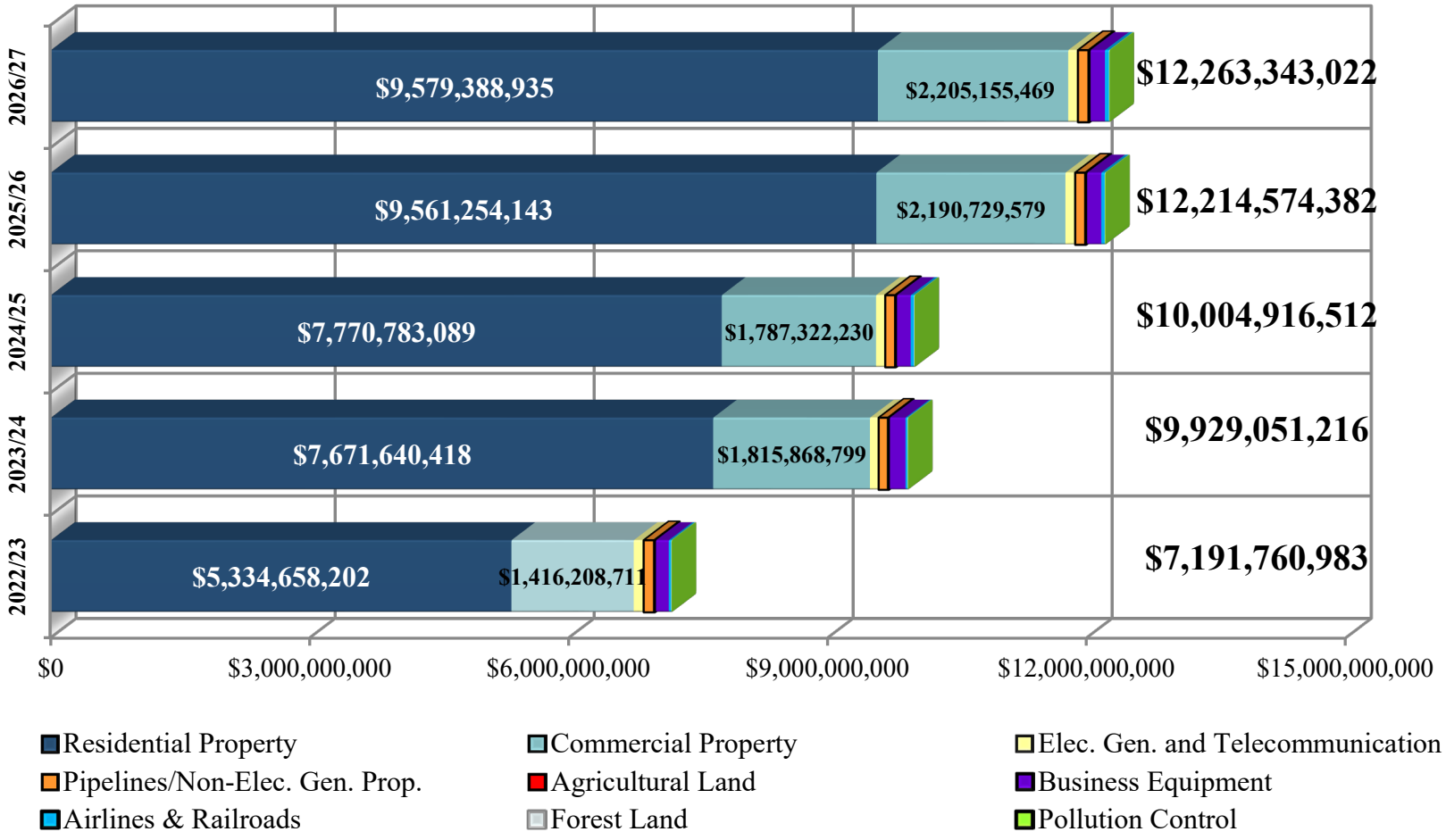
Taxable value represents the value after the applicable tax rates are applied to assessed value. The applicable mill levy rates are then applied to the taxable value of taxable property to determine tax revenue. The taxable valuation presented excludes incremental valuations for tax increment financing districts within the Elementary District, which equaled $5,386,080 for fiscal year 2026/27.



[1] In the recent reevaluation years of 2021, 2023, and 2025, property values have jumped due to the reappraisal process and growth in the Montana resale values. Taxable value in 2025/26 declined due to legislative changes enacted during the 2025 Legislative Session to give property tax relief, particularly to residential property.

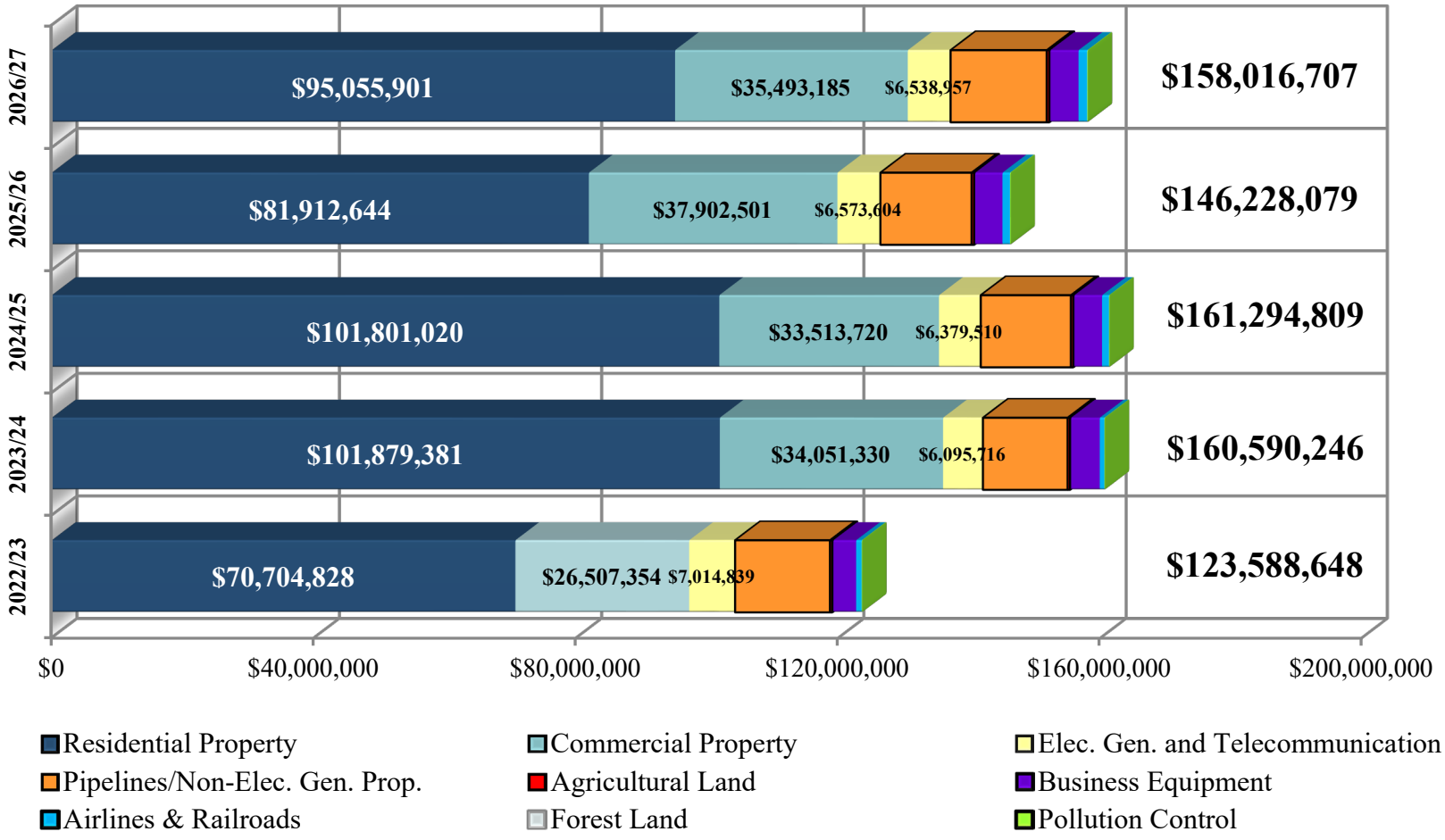
Source: Department of Revenue

ESD Breakdown of Assessed Value by Property Type



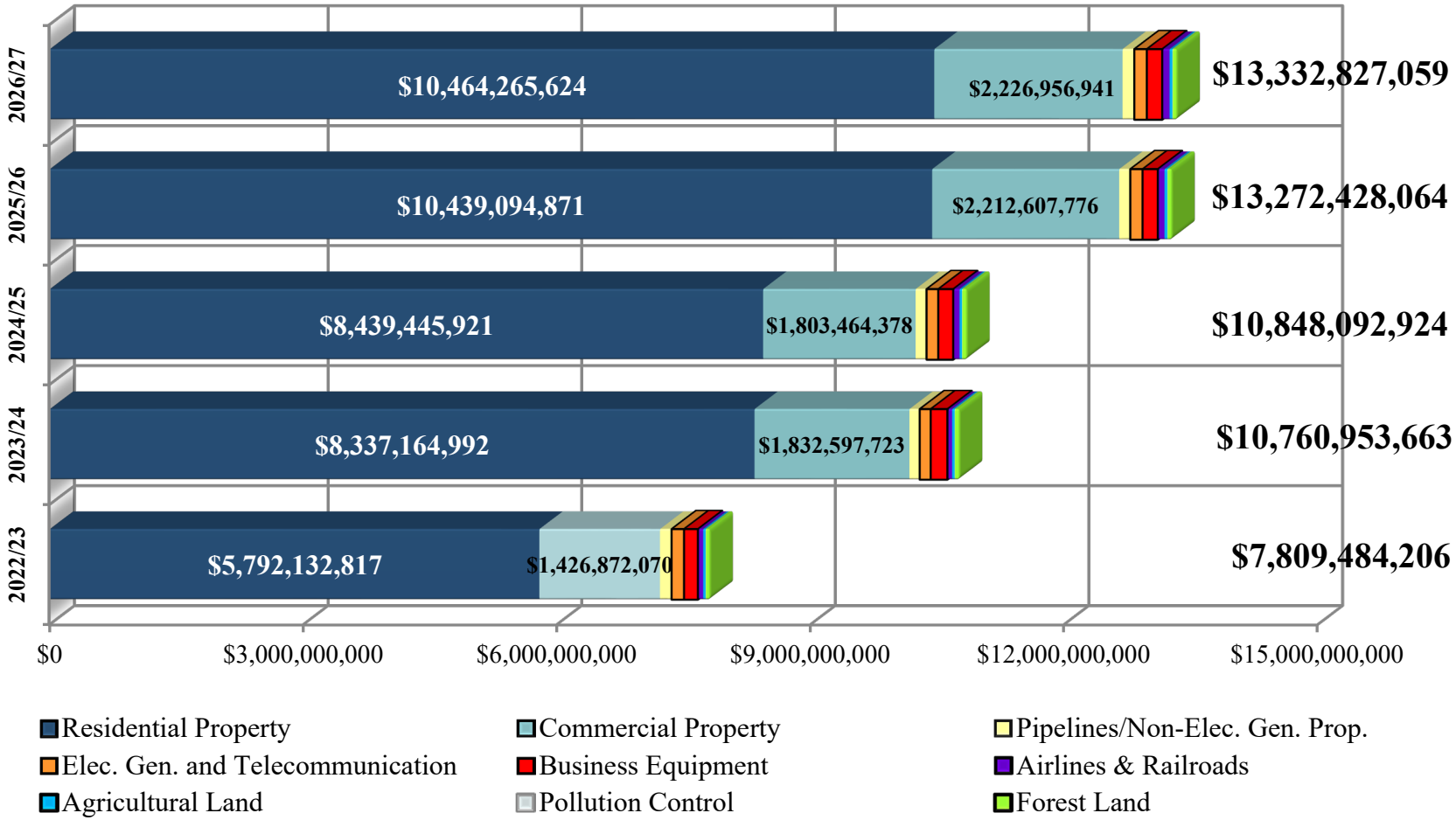
Source: Department of Revenue

ESD Breakdown of Taxable Value by Property Type



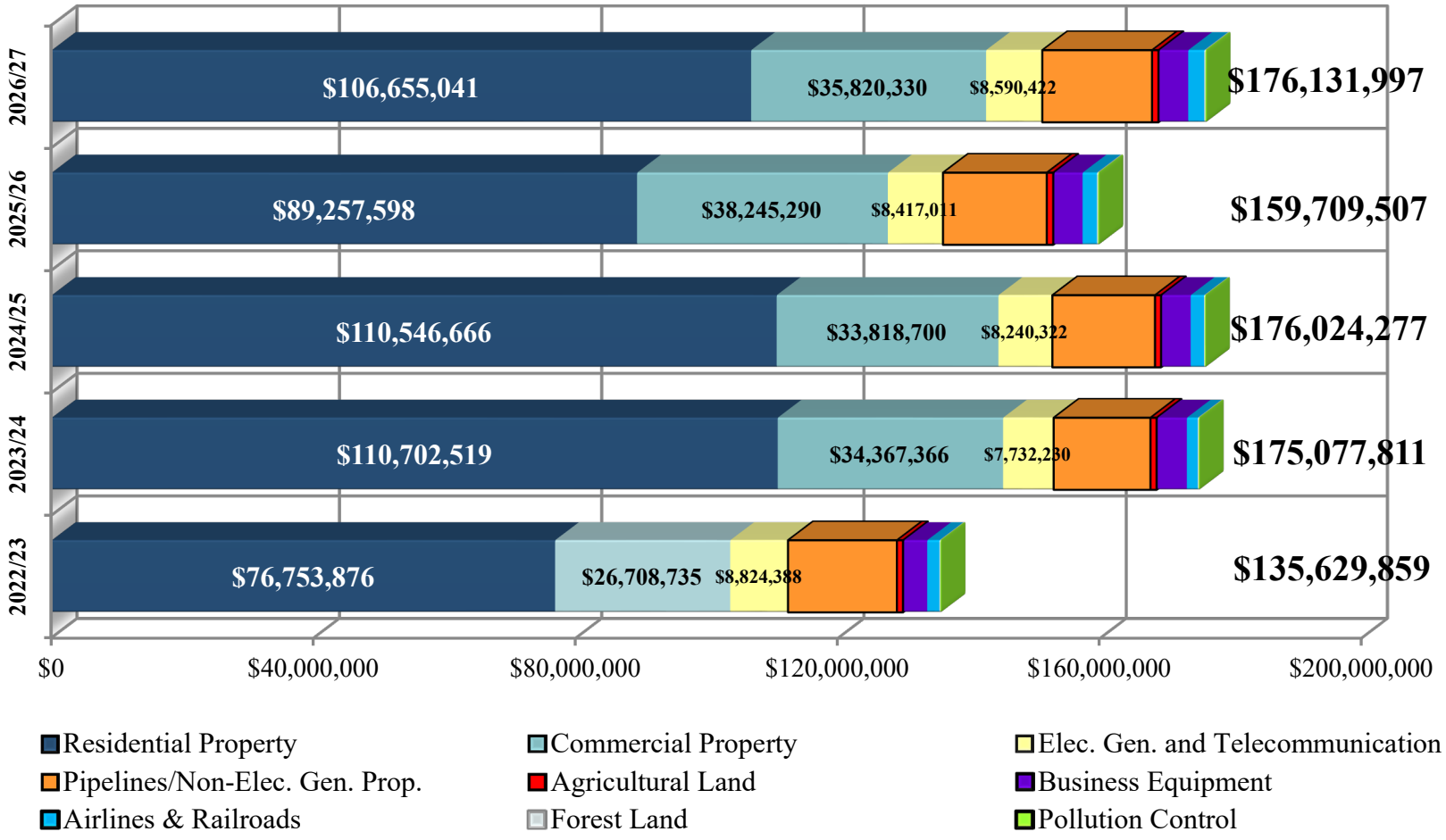
Source: Department of Revenue

HSD Breakdown of Assessed Value by Property Type



Source: Department of Revenue

HSD Breakdown of Taxable Value by Property Type



Source: Department of Revenue

ESD Top Taxpayers

Taxpayer	Business	Taxpayer 2026/27 Taxable Value	% of total 2026/27 Tax Base of ($152,630,627)
Northwestern Energy	Utility	$15,209,340	9.96%
The Boeing Company	Airplane Part Manufacturer	2,833,168	1.86
Verizon	Pipeline	1,820,112	1.19
BNSF Railway	Railroad	1,441,036	0.94
Charter Communications	Telecommunications	1,185,799	0.78
Yellowstone Pipeline	Pipeline	1,140,782	0.75
Lumen Technologies	Telecommunications	600,795	0.39
Stockman Bank	Financial	511,701	0.34
Helena Skyway II LLC	Shopping Center	485,304	0.32
Costco Wholesale Corp.	Wholesaler	473,784	0.31
TOTAL		$25,701,821	16.84%

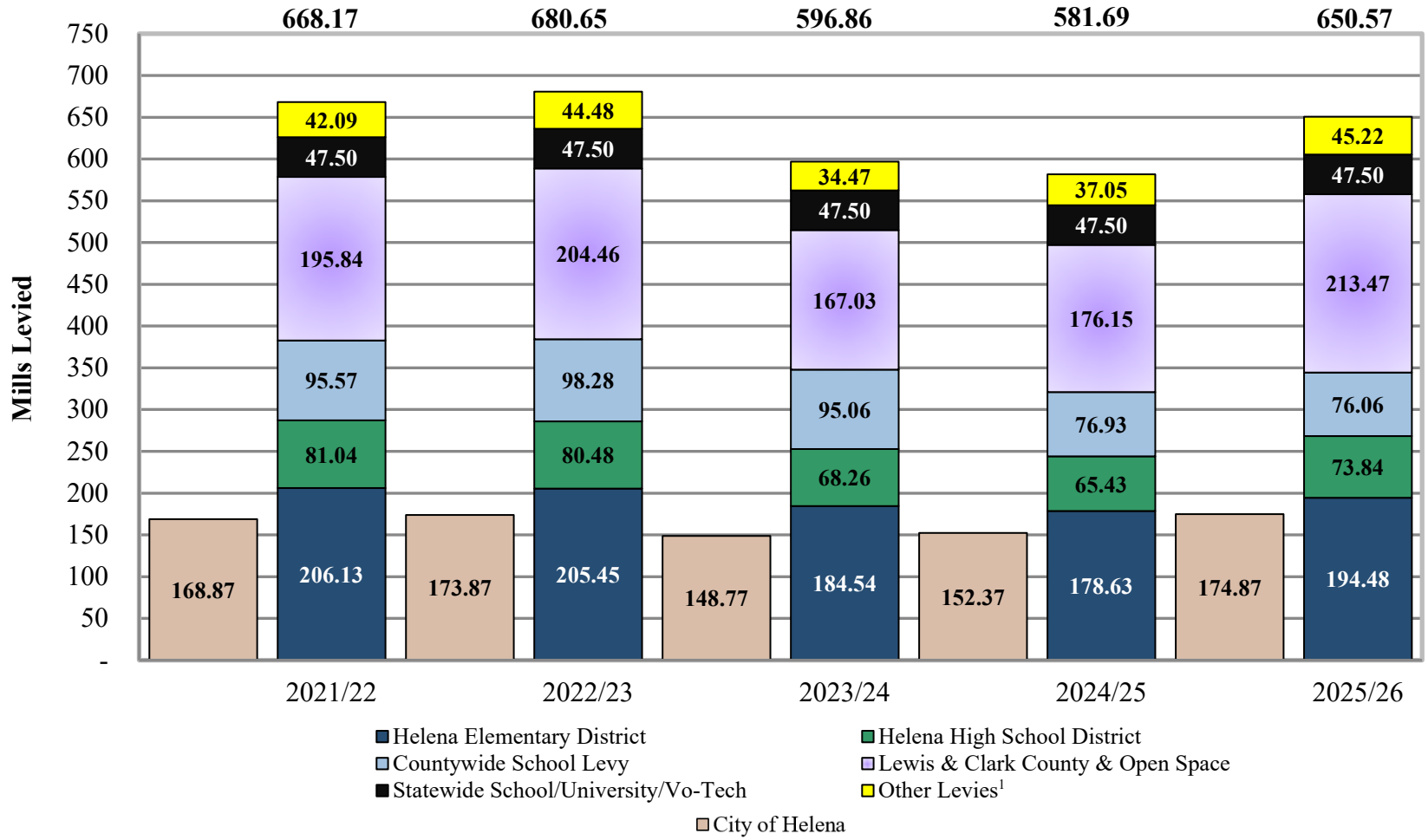
Source: Department of Revenue and County Treasurer

HSD Top Taxpayers

Taxpayer	Business	Taxpayer 2026/27 Taxable Value	% of total 2026/27 Tax Base of ($170,745,917)
Northwestern Energy	Utility	$19,066,322	11.17%
The Boeing Company	Airplane Part Manufacturer	2,833,168	1.66
BNSF Railway	Railroad	2,570,492	1.51
Verizon	Pipeline	1,966,447	1.15
Charter Communications	Telecommunications	1,185,799	0.69
Yellowstone Pipeline	Pipeline	1,168,179	0.68
Lumen Technologies	Telecommunications	636,117	0.37
Stockman Bank	Financial	511,701	0.30
Helena Skyway II LLC	Shopping Center	485,304	0.28
Costco Wholesale Corp.	Wholesaler	473,784	0.28
TOTAL		$30,897,313	18.09%

Source: Department of Revenue and County Treasurer

Tax Levy Trends (shown in Mills)

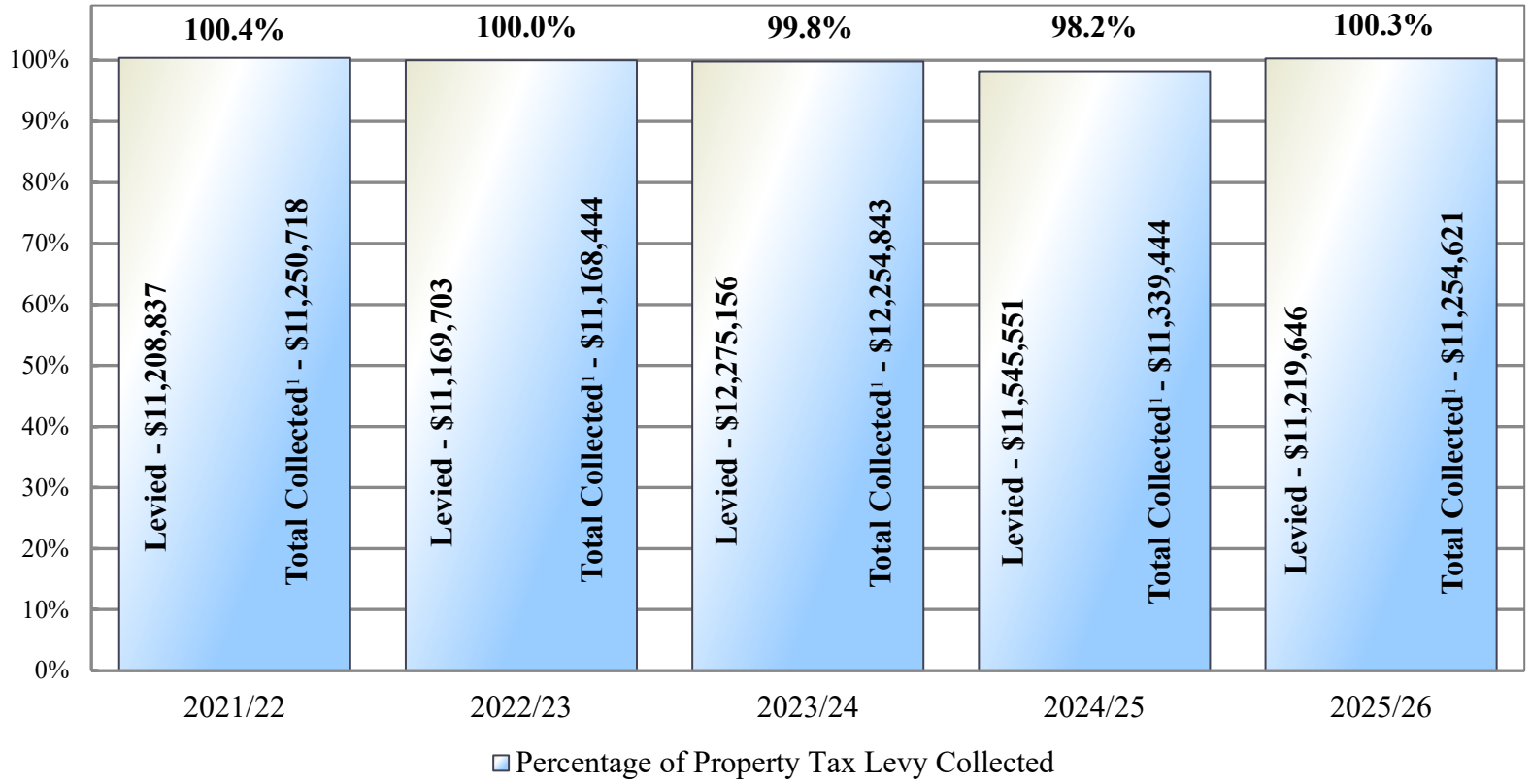


[1] Includes County Road, Planning, and Mosquito.

Source: Department of Revenue

ESD Total Historical Property Tax Collections

General Fund

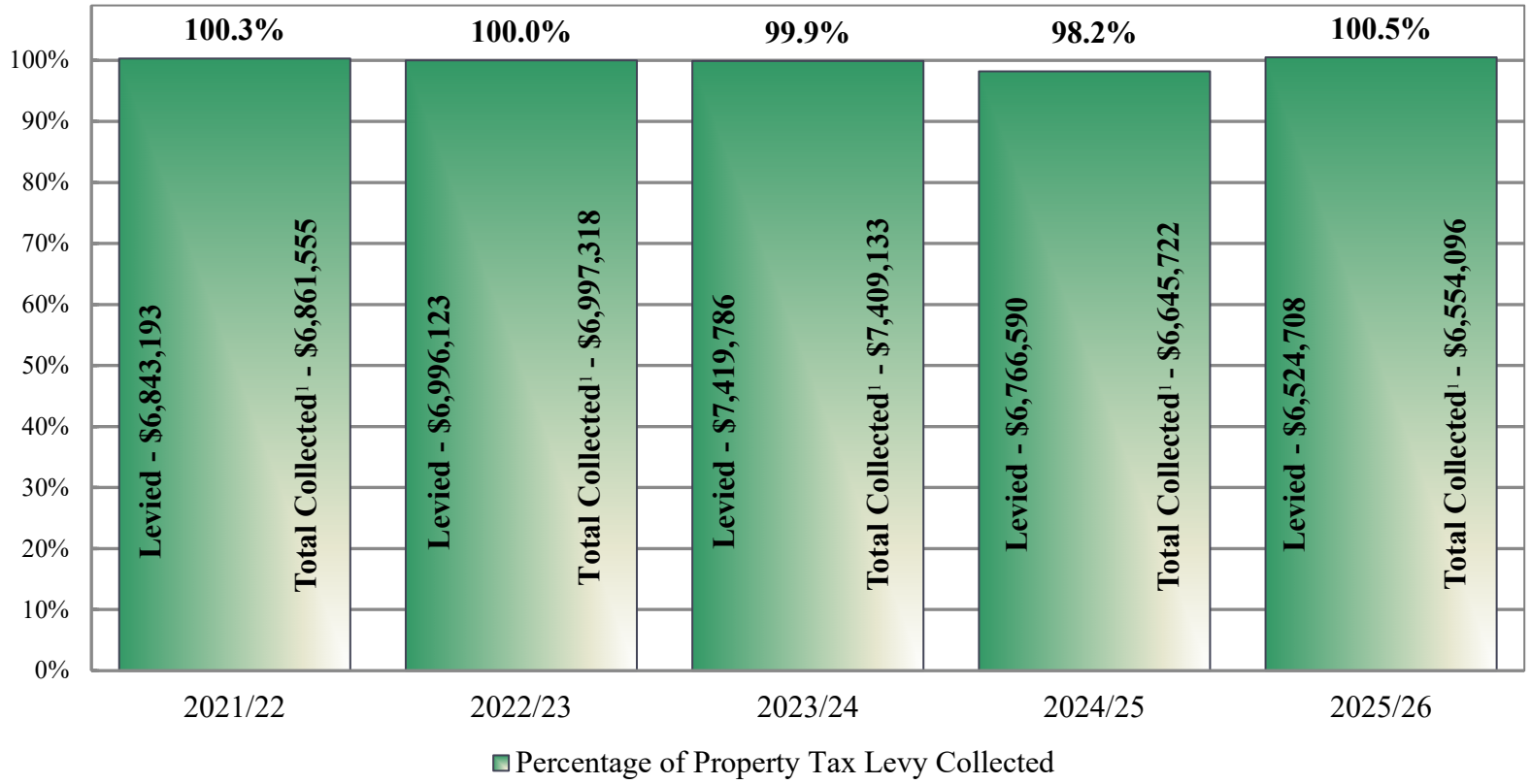


[1] Total tax collection figures include penalty and interest collected on delinquent taxes.

Source: The Districts and the County

HSD Total Historical Property Tax Collections

General Fund

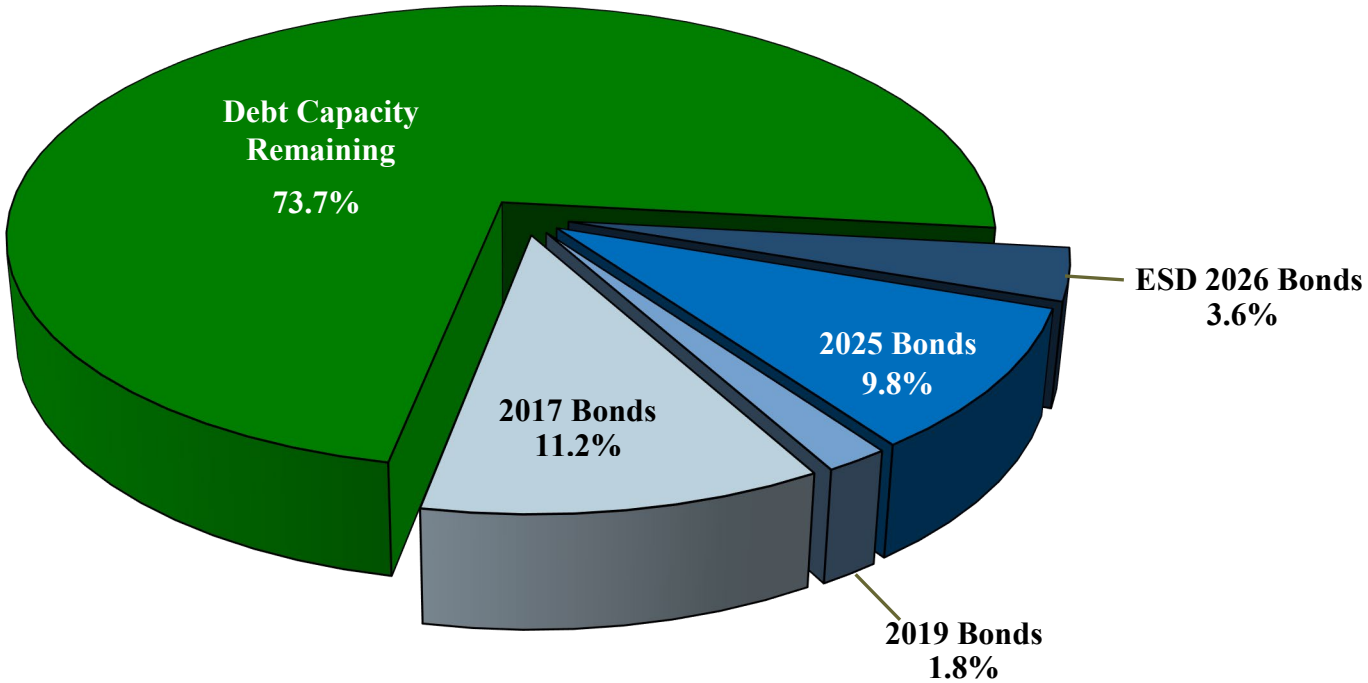


[1] Total tax collection figures include penalty and interest collected on delinquent taxes.

Source: The Districts and the County

ESD General Obligation Debt Limitation

ESD Debt Limit - $322,838,000

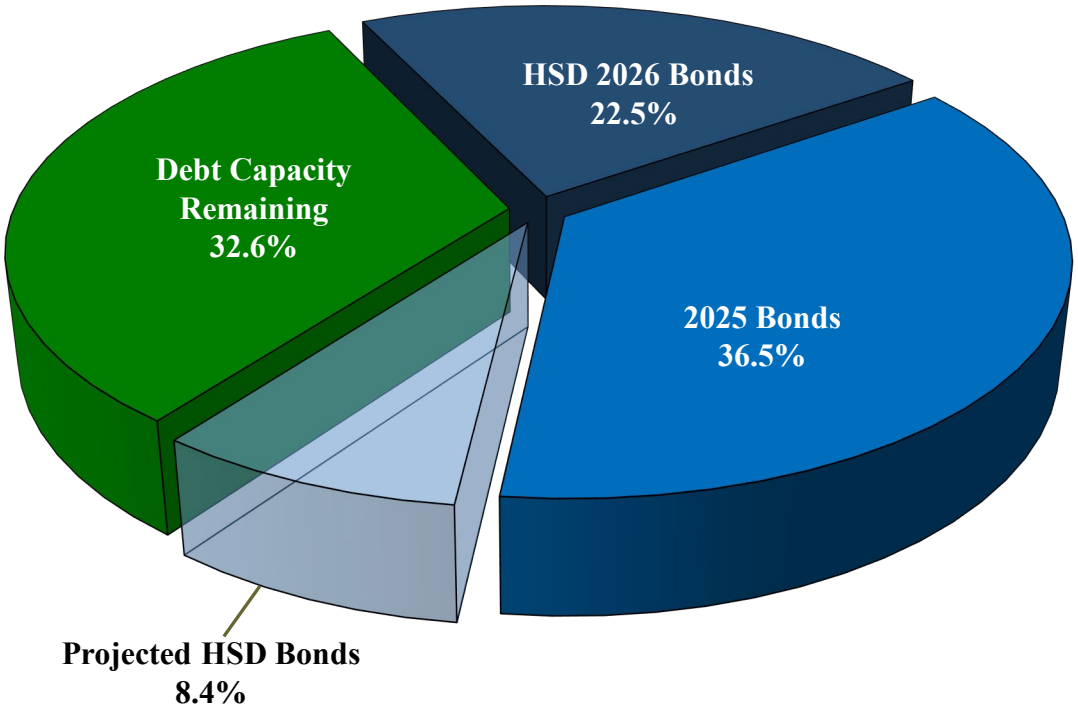


- Debt Capacity Remaining - $237,958,000
- ESD 2026 Bonds - $11,500,000
- 2025 Bonds - $31,500,000
- 2019 Bonds - $5,800,000
- 2017 Bonds - $36,080,000

Source: The Districts

HSD General Obligation Debt Limitation

HSD Debt Limit - $356,223,420

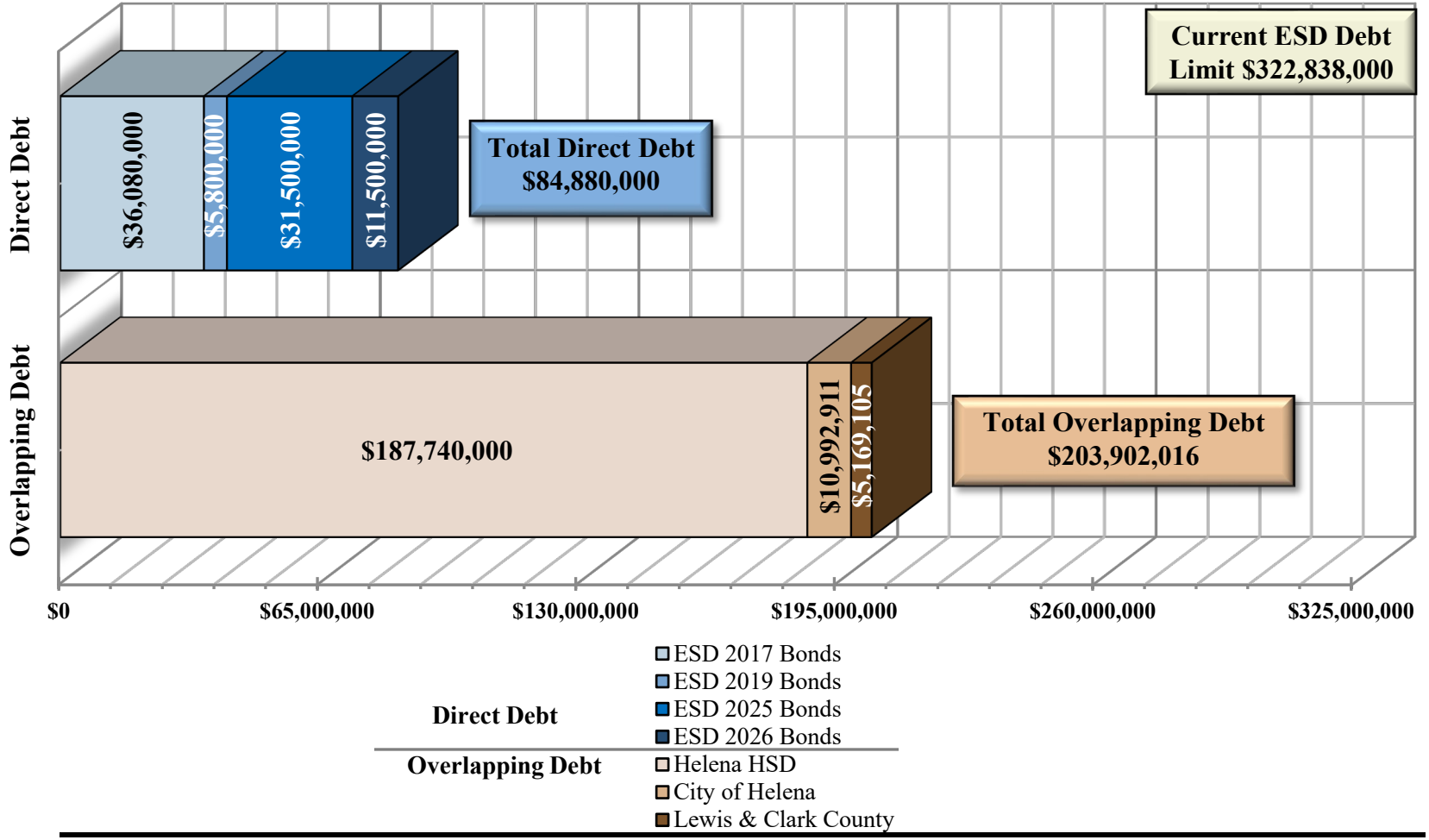


- Debt Capacity Remaining - $116,223,421
- HSD 2026 Bonds - $80,000,000
- 2025 Bonds - $130,000,000
- Projected HSD Bonds - $30,000,000

Source: The Districts

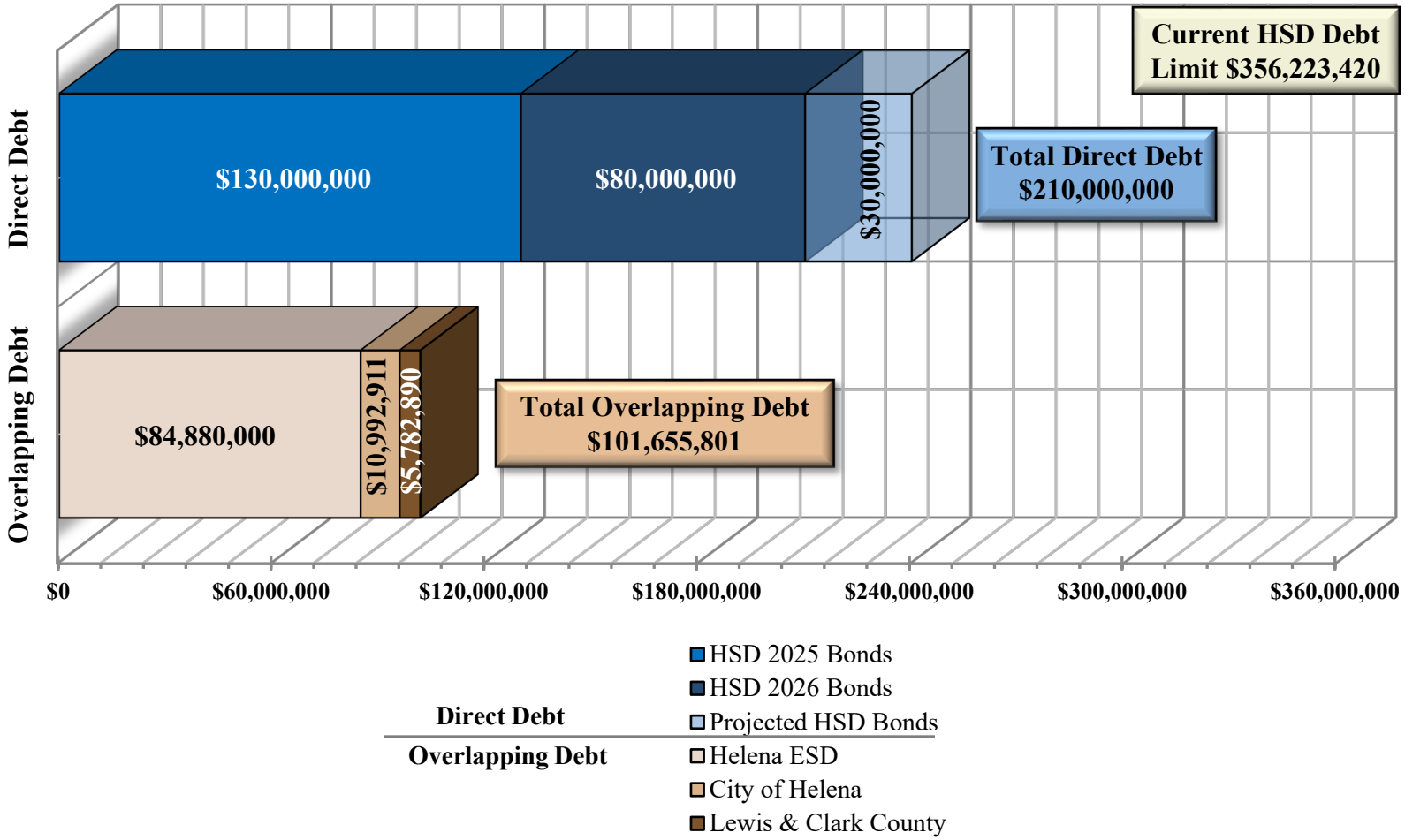
ESD Direct Debt and Overlapping Debt

The following direct and overlapping debt information does not include the authorized but unissued $30,000,000 Projected HSD Bonds.



Source: The Districts

HSD Direct Debt and Overlapping Debt



Source: The Districts

ESD Budget Report – Fiscal Year 2027

Budget Report
FY 2027

25 Lewis & Clark

0487 Helena Elem

Submit ID: 0487-07159582

Summary

Fund [A]	Adopted Budget [B]	Total Reserves (981-988) [C]	Reserve Limit [D]	% of Adopted Budget Reserved (C/B) x 100 [E]	Unreserved Fund Balance Reappropriated (870) [F	Other Revenue [G]	District Property Tax Requirements (B - F - G = H) If < 0, enter 0 [H]	District Mill Levies H / (TV x .001) [I]
01 General	45,796,240.79	4,029,307.69	10%	8.80%	0.00	37,267,944.34	8,528,296.45	55.88
10 Transportation	6,551,820.37	1,310,364.07	20%	20.00%	130,563.45	908,075.52	5,513,181.40	36.12
11 Bus Depreciation Reserve	0.00	0.00	N/A	0.00%	0.00	0.00	0.00	0.00
13 Tuition	2,373,844.51		N/A		146,745.40	0.00	2,227,099.11	14.59
14 Retirement	7,648,143.66	1,404,323.31	20%	18.36%	0.00	7,648,143.66		
17 Adult Education	781,115.54	163,174.30	35%	20.89%	0.00	0.00	781,115.54	5.12
19 Non-Operating	0.00	0.00	N/A	0.00%	0.00	0.00	0.00	0.00
28 Technology	1,186,517.86	0.00	N/A	0.00%	634,993.78	31,024.08	520,500.00	3.41
29 Flexibility	140,927.40	0.00	N/A	0.00%	72,926.18	68,001.22	0.00	0.00
61 Building Reserve	4,086,155.24	0.00	N/A	0.00%	412,505.24	484,952.52	3,188,697.48	20.90
Total of All Funds	68,564,765.37	6,907,169.37			1,397,734.05	46,408,141.34	20,758,889.98	136.02

60 Debt Service Tax Jurisdiction								
#1	7,393,219.86	0.00	20-9-438	0.00%	996,833.65	1,038,198.72	5,358,187.49	35.11

Source: OPI

HSD Budget Report – Fiscal Year 2027

Budget Report
FY 2027

25 Lewis & Clark

0488 Helena H S

Submit ID: 0488-97523360

Summary

Fund [A]	Adopted Budget [B]	Total Reserves (981-988) [C]	Reserve Limit [D]	% of Adopted Budget Reserved (C/B) x 100 [E]	Unreserved Fund Balance Reappropriated (870) [F	Other Revenue [G]	District Property Tax Requirements (B - F - G = H) If < 0, enter 0 [H]	District Mill Levies H / (TV x .001) [I]
01 General	25,542,524.08	2,554,252.41	10%	10.00%	12,727.82	20,797,537.28	4,732,258.98	27.72
10 Transportation	2,769,655.67	477,275.21	20%	17.23%	0.00	223,795.55	2,545,860.12	14.91
11 Bus Depreciation Reserve	0.00	0.00	N/A	0.00%	0.00	0.00	0.00	0.00
13 Tuition	395,709.36		N/A		272,394.50	0.00	123,314.86	0.72
14 Retirement	3,688,411.70	737,682.34	20%	20.00%	153,754.69	3,534,657.01		
17 Adult Education	1,007,133.53	194,139.67	35%	19.28%	0.00	0.00	1,007,133.53	5.90
18 Non-Operating	0.00	0.00	N/A	0.00%	0.00	0.00	0.00	0.00
28 Technology	1,842,688.63	0.00	N/A	0.00%	1,266,019.68	17,168.95	559,500.00	3.28
29 Flexibility	487,916.76	0.00	N/A	0.00%	285,564.09	202,352.67	0.00	0.00
61 Building Reserve	6,349,965.53	0.00	N/A	0.00%	4,511,310.53	236,342.31	1,602,312.69	9.38
Total of All Funds	42,084,005.26	3,963,349.63			6,501,771.31	25,011,853.77	10,570,380.18	61.91

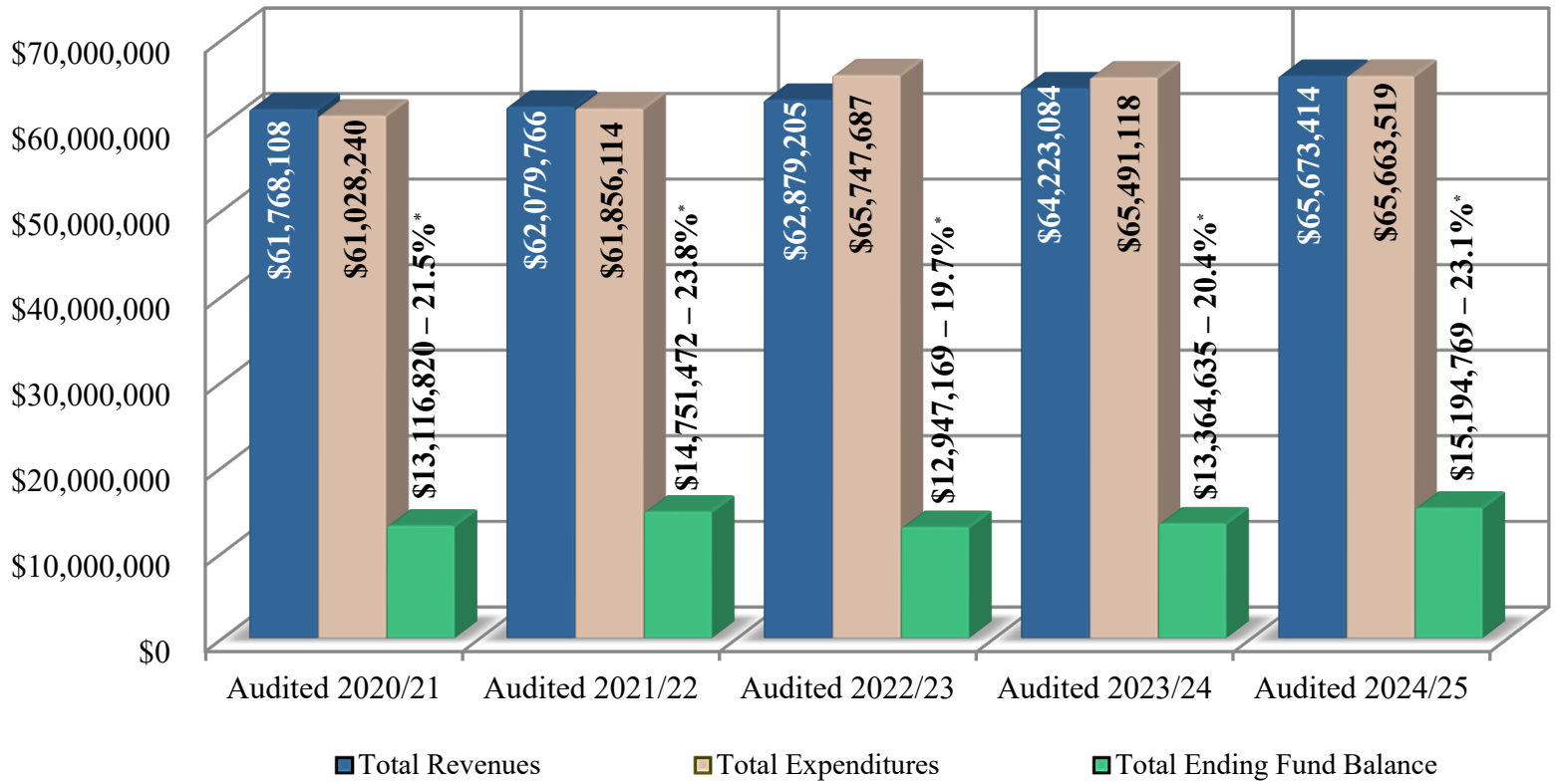
50 Debt Service Tax Jurisdiction								
#1	10,162,938.37	0.00	20-9-438	0.00%	2,697.53	694,606.56	9,465,634.28	55.44

Source: OPI

Combined Historical Results

General Funds

The Districts' audits are combined and the information presented is combined for the Elementary School District and the High School District. The General Fund, as presented in the audited financial statements, includes the Elementary General Fund, High School General Fund, Elementary Flexibility Fund, and the Interlocal Fund. **The Interlocal Fund can be fully utilized by either of the Districts.**

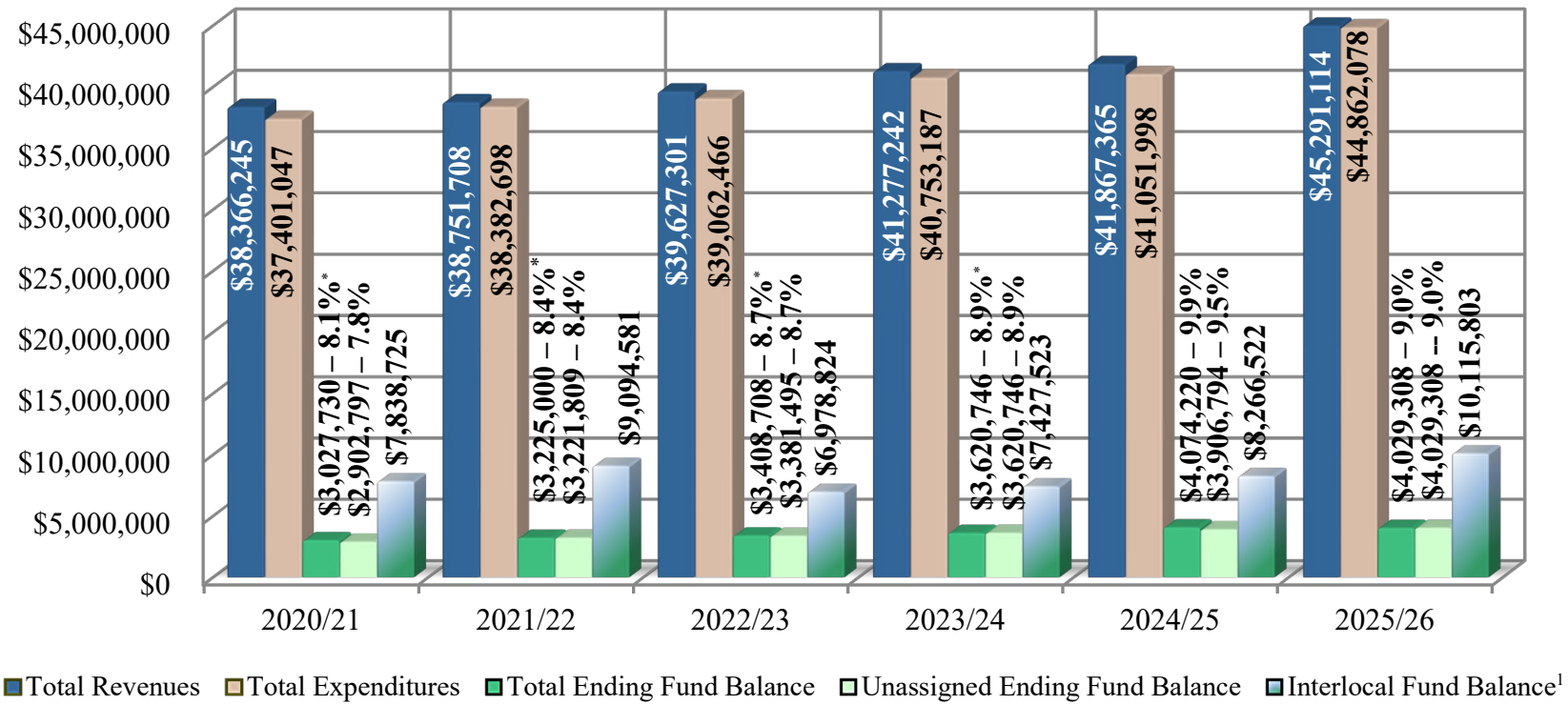


* Fund Balance as a % of Total Expenditures.

Source: The Districts' Audited Financial Statements

ESD General Fund Historical Results

The Districts have audits that are combined for the years shown below. The results shown below were extracted from the Elementary District's Trustees' Financial Summaries, which financial statements are unaudited, and an opinion has not been rendered on such results.



As of **June 30, 2026,** the ending fund balance in each of the following ESD funds was as follows:
(i) **Interlocal Fund[1] $10,115,803**; (ii) **Building Reserve Fund $412,505**; (iii) **Building Fund $30,023,637**; and (iv) **Flexibility Fund $72,926**.

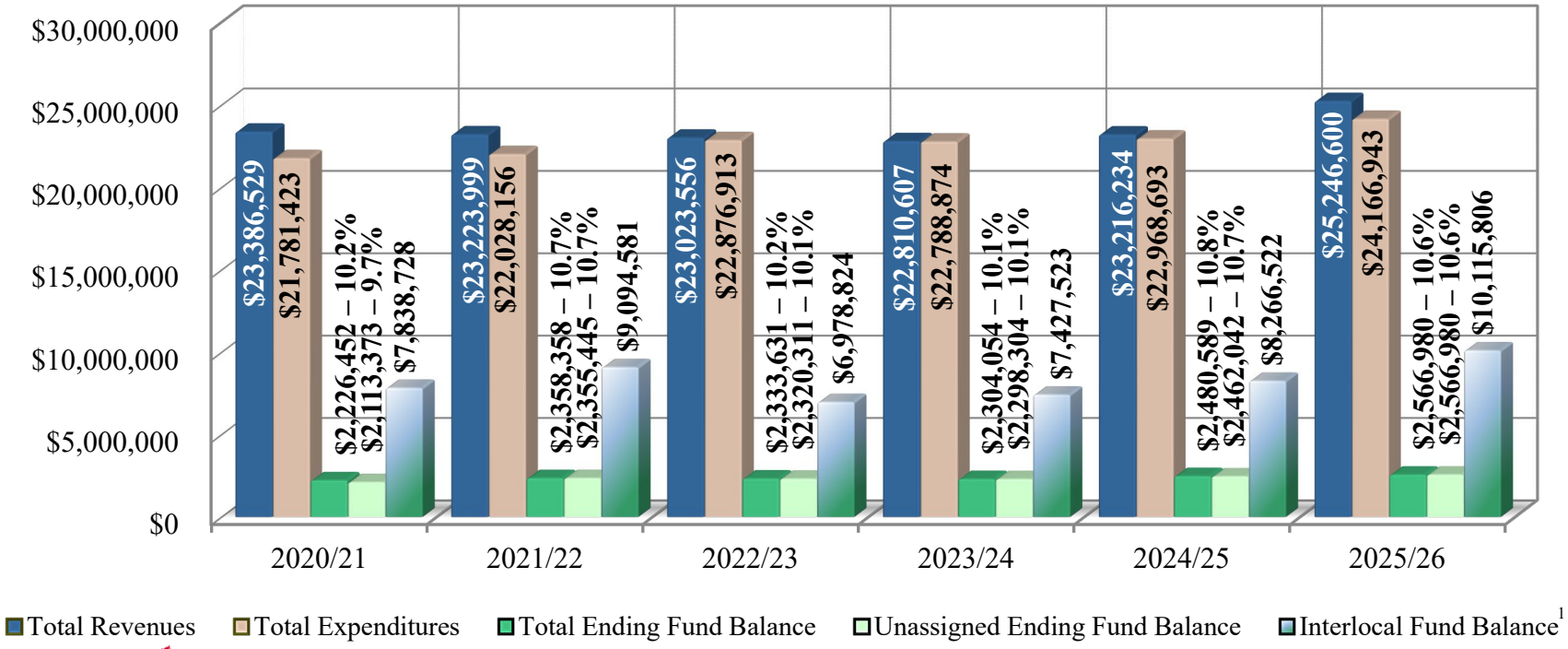
* Fund Balance as a % of Total Expenditures.

[1] Represents the Interlocal Fund that can be fully utilized by either of the Districts, with the Elementary District designated as the prime agency.

Source: The ESD's financial statements

HSD General Fund Historical Results

The Districts have audits that are combined for the years shown below. The High School District General Fund results shown below were extracted from the High School District's Trustees' Financial Summary, which financial statements are unaudited, and an opinion has not been rendered on such results.



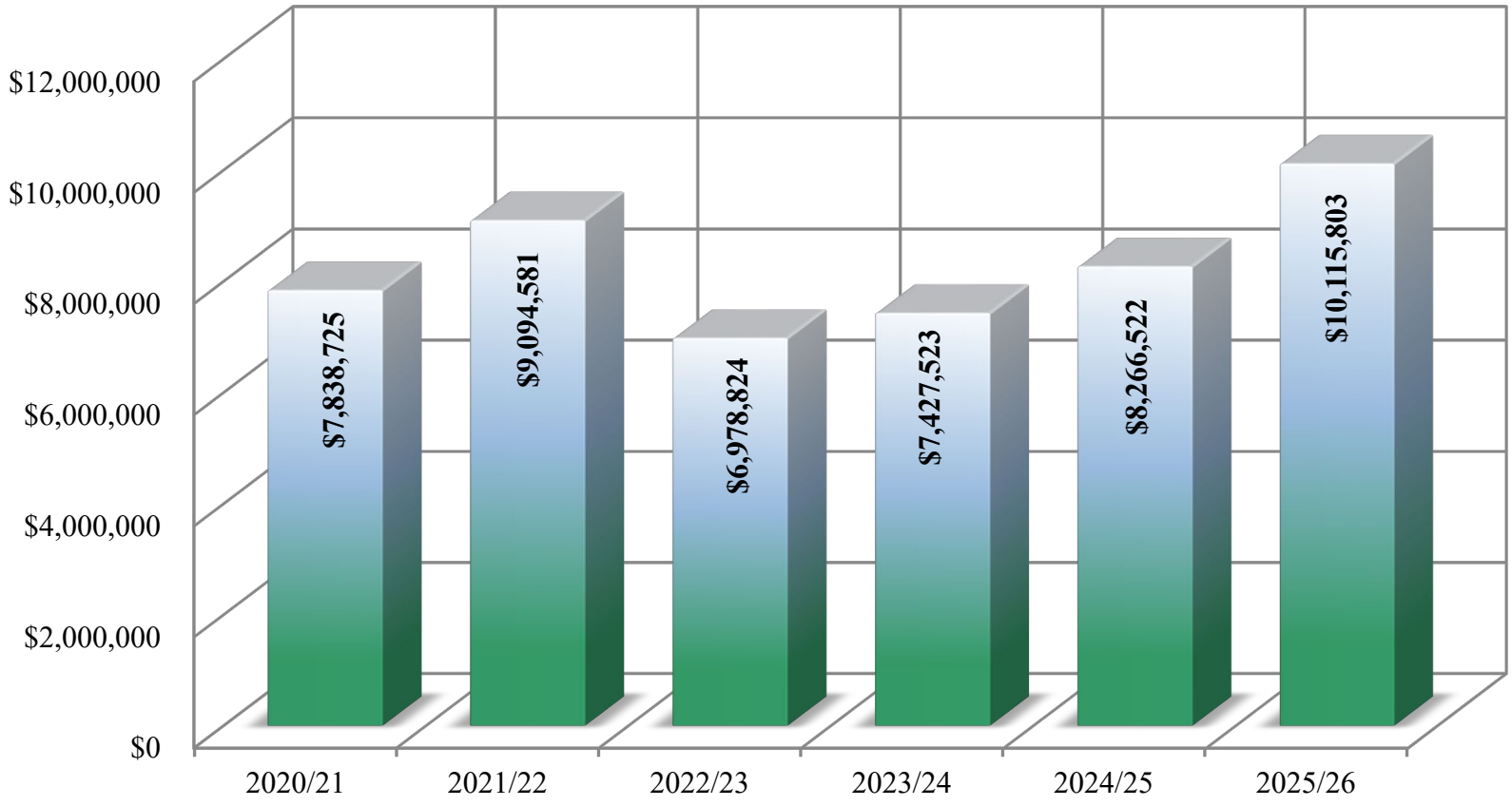
As of **June 30, 2026,** the ending fund balance in each of the following HSD funds was as follows:
(i) **Interlocal Fund[1] $10,115,803;** (ii) **Building Reserve Fund $4,511,311**; (iii) **Building Fund $99,506,764**; and (iv) **Flexibility Fund $285,564**.

[*] Fund Balance as a % of Total Expenditures.
[1] Represents the Interlocal Fund that can be fully utilized by either of the Districts, with the Elementary District designated as the prime agency

Source: The HSD's financial statements

Historical Interlocal Fund Balance

The ***Interlocal Fund*** can be ***fully utilized*** by ***both the HSD or ESD*** for ***general purposes similar*** to the ***General Fund***.



Source: The Districts

MOODY'S
RATINGS

ISSUER: Helena School District 1, MT **ANALYST: Lianne Gonsalves**

TAX BASE AND ENROLLMENT

1. What are your assumptions regarding assessed value and taxable value growth for the district over the next few years? Are there any major commercial, residential, or other developments expected to materially expand the tax base over the next several years?
   Pages 37-40 of the POS show trends in valuations.

   We expect continued growth from new construction as well as growth from revaluations due to steady increases in resale values in the community.

   Pages B-2 and B-3 of the POS describe recent and expected growth in the Districts due to residential and commercial projects.

   The Department of Revenue's next Statewide revaluation will be January 1, 2027 for the 2027/28 and 2028/29 tax years and the upcoming 2027 Legislative Session will be an opportunity by State Officials and Legislators to review and make changes, if any are proposed.

2. Can you discuss the impact of the 2025 property tax legislation (SB 542 and HB 231) on taxable valuation growth and are fiscal 2027 taxable values tracking district expectations following the initial adjustment period?
   Pages 13 and 14 of the POS describe SB 542 and HB 231, which were enacted to provide property tax relief to residential property owners and shift the tax impacts slightly to other classes of property to mitigate residential growth in resale value and therefore property taxes.

   Page 24 of the POS shows the State's current tax rate for each Property Class.

   Pages 39 and 40 of the POS show the breakdown of property valuation by Class. You will see in 2025/26 the taxable value for residential property decreased due to the tax rate reduction enacted for the first year of implementation of the new tax rates changes in 2025/26 but then grew back to where we started in 2026/27 once the second year of legislative changes was implemented.

3. What impact will HB 156 countywide funding changes have on the district's future revenue flexibility if any? (County wide base levy starting in 2026)
   Page 12 of the POS includes a description of HB 156.

   The impact of HB 156 on the district's future revenue flexibility is not yet fully known. The bill does not change the district's BASE budget limit or the underlying funding formula that determines the district's budget authority; it changes how the local portion of BASE funding is raised. Beginning in FY 2027, the district-level BASE levy will be replaced by a countywide BASE levy, with countywide guaranteed tax base aid incorporated into the calculation. As a result, the mills supporting BASE budgets will be levied at the county level rather than allocated to individual districts. We will need to evaluate the practical effect on the district's revenue flexibility as the legislative change is implemented and its interaction with other revenues becomes clearer.

The Elementary 2026/27 General fund Budget is increased by 1.28%% and the HS 2026/27 General Fund Budget increased by 1.47% as a result of HB 156.

4. What are the ANB enrollment projections over the next 3-5 years for the elementary and high school district and what factors are driving these projections? Does the district typically use the current year ANB or the three-year average for its enrollment? What strategies are being implemented to stabilize enrollment?
The chart below shows the breakdown of actual and 3-year average enrollment, with the enrollment used for budgeting in green and blue highlights, respectively.

		Elementary District		High School District		
Year Counts Taken	School Year Utilized for Budgeting	Actual K-8 ANB Enrollment	3-Year Average K-8 ANB Enrollment	Actual 9-12 ANB Enrollment	3-Year Average 9-12 ANB Enrollment	Total K-12 ANB Enrollment for Budgeting
2025/26	2026/27	5,179	5,345	2,502	2,547	7,892
2024/25	2025/26	5,279	5,510	2,461	2,597	8,107
2023/24	2024/25	5,314	5,379	2,508	2,529	7,908
2022/23	2023/24	5,437	5,365	2,562	2,579	8,016
2021/22	2022/23	5,383	5,397	2,517	2,647	8,044
2020/21	2021/22	5,275	5,415	2,658	2,774	8,189
2019/20	2020/21	5,532	5,435	2,765	2,861	8,393
2018/19	2019/20	5,437	5,381	2,899	2,927	8,364
2017/18	2018/19	5,333	5,328	2,916	2,953	8,286
2016/17	2017/18	5,369	5,314	2,963	2,959	8,332
2015/16	2016/17	5,281	5,286	2,979	2,974	8,265

5. How much do charter schools add to the district enrollment and do they help retain students?
Charter schools created by the Districts count toward enrollments in the Districts.

The Districts have one K-6 charter and two HS charters. The enrollments for these charters are included in the data on page 45 of the POS.

Last year in the Elementary:
- Helena Montesorri added 216 ANB;

Last year In the HS:
- Project For Alternative Learning (PAL) added 77 ANB and
- Helena HS Mount Ascension Learning Academy added 72 ANB.
-

In FY 2026, the District elected to discontinue the Helena Elementary and Middle School Mount Ascension Learning Academy charters. The programs continue to operate within the District, and the change did not result in a loss of ANB. However, because the charter structure did not generate the elementary basic entitlement, the District determined that maintaining the charters did not provide a funding benefit.
Have there been any boundary changes for the district? No.

Are there any new independent charter schools/private schools that could impact district

enrollment?
No other Charter Schools are located within the boundaries of Helena Schools. There are several small parochial, Montessori and home schools with very limited enrollments that do not have a significant impact on Helena Schools.

FINANCES & MANAGEMENT

6. What are you projecting in terms of available general fund ending fund balance for fiscal 2026 and fiscal 2027 for the elementary and high school district and what are the main drivers? Do you expect fund balance levels to remain close to fiscal 2025 levels?
Pages A-4 and A-6 of the POS shows the unaudited 2025/26 ending General Fund results for the Elementary District at $4,029,308 and the HS District at $2,566,980.

   Also, the Districts have a shared Interlocal Fund at $10,115,803 (with the Elementary District serving as the designated prime agency).

   The Districts expect ending General Fund balances for 2026/27 to closely match the above figures for 2025/26.

7. What revenue impacts are you expecting from recent legislative actions and how sustainable do you believe these funding enhancements will be over the near term? (2025 HB 15, STARS Act -Quality educator and Qualified staff payment, GTB aid, transportation funding 75/25 reimbursement change).
Page 11 of the POS describes HB 15.

   Pages 12 and 13 of the POS describe HB 252/STARS Act. The criteria for the STARS Act will be entirely met in 2026-27. In 2025-26 additional funding totaled $1,511,138 in the Elementary and $674,509 in the HS. In 2026-27 additional funding totaled $1,503,817 in the Elementary and $677,156 in the HS.

   Page 7 of the POS describes that the 2027 Legislative Session will commence in January and conclude in April and will address the findings of the Decennial Study of School Funding that commenced in June of 2025 and concluded with a final report dated September 1, 2026. In the report, the 20-member School Funding Interim Commission identified the need for a funding boost to Montana Schools. Based on expectations for a State of Montana Budget Surplus, favorable changes to Montana School funding is expected although specific legislation to address the changes has not been drafted yet.

8. Which areas is the district seeing budget pressures, if any and how is the district managing them?
Page 46 of the POS provides an overview of the Districts' 2026/27 Budgets and shows the Elementary District is at 98.9% of the General Fund Budget limit and the HS District is at 100.0% of the General Fund Budget limit.

   What expenditure reductions or staffing adjustments could be implemented, if needed?
Staffing levels are reviewed regularly, with the goal of maintaining staffing levels that are appropriate for student enrollment and program needs. Because salaries and benefits represent the district's largest area of expenditure, staffing is the primary area

where adjustments could be considered if financial conditions require them. The district will continue to evaluate staffing needs and opportunities to manage costs while maintaining effective educational programs. Any future adjustments would depend on enrollment, program requirements, and available revenues.

The district's bond-funded construction and renovation projects are also expected to ease pressure on the building reserve over time by addressing deferred maintenance and reducing the need for certain near-term building repairs. The timing and extent of that relief will depend on project completion and the district's ongoing facility needs.

Has the district needed to make any cuts to its budget? If so, please share details.
As part of our 5-year plan to reduce operational costs and ensure long-term sustainability, Helena Public Schools has been implementing a number of strategic changes across both staffing and facilities.

Through careful operational planning, we have reduced staffing levels district-wide—aligning our workforce more closely with current enrollment and budget realities, while continuing to prioritize student learning and support.

In FY 2026, the district implemented a retirement incentive that supported planned staff turnover and provided an opportunity to reduce FTE through attrition. Where a position was no longer needed, the district did not refill it; where staffing remained necessary, the district could hire for the position at a lower point on the salary schedule. This approach allowed the district to manage staffing costs while preserving needed positions and avoiding involuntary position cuts.

In our capital and facilities planning, we've transitioned several programs out of district-owned buildings and into long-term leased spaces. This shift has allowed us to repurpose underutilized facilities and, in many cases, generate new sources of revenue through leasing agreements.

Looking ahead, we are actively exploring additional long-term leases and are evaluating the potential sale of facilities that are significantly underutilized. These decisions are not made lightly, but they are essential to ensuring our resources are used effectively and in support of our educational mission.

9. For the Interlocal Fund - what is the long-term plan for these funds (e.g. Contingency reserve or specific purposes) and are there plans to spend down/grow these funds in the near term?
Pages 47 and 48 of the POS describe the Interlocal Fund.

Page A-9 of the POS shows the trends in the Districts' Interlocal Fund.

The Interlocal Fund is expected to support technology needs until additional funding is available through a new levy or increased state support. It may also be used for curriculum adoption, increased activity costs, and unanticipated expenditure needs, particularly given

the limited flexibility of the General Fund. Other than these identified needs, the district does not currently anticipate significant planned expenditures from the Interlocal Fund.

Has the Multidistrict agreement been renewed beyond fiscal 2027?
The Districts will update the Multidistrict Agreement/Interlocal Fund by the Spring of 2027 for another three-year period that will extend through June 30, 2030.

10. Does the district have a fund balance policy target it tries to maintain for the elementary and high school general funds?
Yes, the District's Reserve Policy #7515 was provided last year, and no changes have been made.

The HS District has had continued success maintaining Reserves at the 10% maximum amount allowed by State Law and the Elementary is close to 10%. Additional balances are held in the Flexibility Fund and Interlocal Fund as described in question 6 above.

Page A-2 shows the trends in combined Fund Balances and also the ending Fund Balance as a percent of Expenditures.

Page A-4 shows the same for the Elementary District.

Page A-6 shows the same for the HS District.

11. What recent salary increases have been provided to the district's labor organizations and are they included in the budget? Are salaries competitive?
Page 47 of the POS shows the expiration of current contracts through June 30, 2027. Employee groups received a 2% salary increase for FY 2026, which was incorporated into the adopted budget. Most employee groups negotiated a 2.5% increase for FY 2027, and those increases are also included in the budget. As noted on page 47 of the POS, the current labor agreements expire June 30, 2027.

Over the past several years, the district has worked with Communication and Management Services (CMS) to conduct a salary study. Following the study, the district established salary matrices for employee groups that previously did not have them. These matrices, together with longevity and education incentives, support the district's efforts to maintain competitive compensation.

12. Does the district have alternate sources of liquidity that can be transferred to the general fund permanently? (e.g. transportation fund, building fund etc.).
Unexpended budget from the General Fund (limited to the amount of Direct State Aid received), any budgeted fund except the Retirement and Debt Service Fund, or any non-budgeted fund unless restricted by federal law can be transferred to the Interlocal/Multi-District Fund (an extension of the General Fund) at year-end. Once transferred, the money "loses' its identity and can be used for whatever purposes are stated in the Interlocal/Multi-District agreement.

13. Does the district still have its technology and building reserve levy?

If so, how much do they generate and is there a sunset date?

See the Chart below:

HELENA PUBLIC SCHOOLS 12-YEAR LEVY HISTORY

HELENA ELEMENTARY VOTED LEVIES

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
General Fund		$350,000			$239,983	$75,915	$301,446	$106,025	$160,302	$358,735		$293,681	
Debt Service Fund				$63,000,000**									$ 31,500,000
Building Reserve Fund	$1,250,000*									$1,750,000***			

*10-year levy approved May 2014
**$63,000,000 bond aprroved in May 2017. The first issue ($55,000,000) will be levied through 2037. The second issue ($8,000,000) will be levied through 2039
***Levy increase for 10 years

Technology perpetual levy
$520,500 passed in 2005

HELENA HIGH SCHOOL VOTED LEVIES

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
General Fund		$88,495			$107,171		$108,455	$272,826	$291,836				
Debt Service Fund													$ 130,000,000
Building Reserve Fund	$750,000*									$750,000**			

*10-year levy approved May 2014
***Levy increase for 10 years

Technology perpetual levy
$559,500 passed in 2005

HELENA ELEMENTARY PERMISSIVE LEVIES

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
General Fund	$10,234,346	$10,760,755	$10,830,733	$11,804,698	$11,113,947	$11,500,268	$11,440,439	$11,503,541	$11,366,431	$12,321,088	$11,894,342	$11,590,772	$8,528,296
Transportation Fund	$2,546,896	$1,707,915	$2,238,634	$2,947,629	$3,258,203	$3,881,941	$3,858,896	$4,203,775	$4,608,788	$5,542,154	$5,759,534	$5,478,423	$5,513,181
Tuition Fund	$4,291	$34,172	$52,000	$284,352**	$751,621	$1,241,749	$1,527,760	$1,794,021****	$2,128,142	$2,007,095	$2,429,480	$2,301,746	$2,227,099
Adult Education Fund	$248,225	$223,660	$254,472	$284,825	$362,252	$372,043	$246,253	$360,258	$224,171	$218,534	$238,440	$235,823	$781,116
Debt Service Fund (SIDs)	$104,000	$110,000	$115,000	$130,000	$155,275	$209,694	$291,600	$290,000	$290,000	$290,000	$290,000	$290,000	$320,000
Building Reserve Fund					$551,900***	$326,380	$328,529	$246,251	$306,805	$303,641	$285,651	$223,207	$188,697

**Began levying for one-to-one services for students with IEPs
***New legislation allowing permissive levies for facilities
****Began levying for District's share of Foster/Group Home & Residential Treatment tuition

HELENA HIGH SCHOOL PERMISSIVE LEVIES

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
General Fund	$6,672,871	$6,749,130	$6,843,429	$7,467,182	$6,879,343	$6,907,649	$6,762,459	$6,794,540	$6,911,328	$7,649,155	$6,957,709	$6,728,569	$4,732,259
Transportation Fund	$856,803	$768,205	$826,652	$1,118,122	$983,076	$1,286,568	$1,321,107	$1,261,140	$1,058,904	$1,055,643	$1,346,495	$1,304,479	$2,545,860
Tuition Fund	$30,128	$104,446	$90,100	$254,516**	$364,226	$506,162	$309,707	$413,636****	$696,784	$399,123	$346,477	$642,773	$123,315
Adult Education Fund	$234,512	$183,067	$81,233	$320,000	$346,808	$356,426	$379,771	$327,727	$231,077	$217,031	$236,525	$336,460	$1,007,134
Debt Service Fund (SIDs)	$63,500	$68,000	$77,500	$80,000	$102,340	$171,332	$204,000	$200,000	$200,000	$200,000	$200,000	$200,000	$230,000
Building Reserve Fund					$311,300***	$157,348	$160,798	$144,231	$167,649	$152,368	$144,429	$119,684	$102,313

**Began levying for one-to-one services for students with IEPs
***New legislation allowing permissive levies for facilities
****Began levying for District's share of Foster/Group Home & Residential Treatment tuition

MOODY'S
RATINGS

ISSUER: Helena School District 1, MT **ANALYST: Lianne Gonsalves**

DEBT AND CAPITAL PROJECTS/OTHER

14. What are the district's major capital needs over the next 5-10 years, and how does management plan to fund those projects?
    ELEM DISTRICT: Page 29 of the POS describes that the Elementary District does not expect to incur additional general obligation indebtedness during the next 5 years. Additional capital needs to the Elementary District's Middle School may be considered in about 10 years when the District's prior Bonds are paid.

    HS DISTRICT: Page 32 of the POS describes that the HS District does not expect to incur additional general obligation indebtedness during the next 5 years. However, with the broad scope of the Projects funded by HS District's Bond proceeds, additional capital needs to the HS District's facilities are not expected to be considered for at least 15 years or longer.

15. Are there any governance, litigation, pension, or OPEB matters that could materially affect the district's financial position or credit profile?
    Page 59 of the POS described there is no pending litigation.

    Pages 49-54 of the POS describe pension and OPEB information, and the Districts do not expect any material impacts that will impact the financial position or credit profile of the Districts. The plans are established under State law and are administered by the State of Montana with contribution rates set by the State Legislature. OPEB consists of the ability of retirees to remain on the health insurance for which the retiree pays the entire premium (no contribution by the District) and is not a liability of the Districts.

D.A. Davidson

Market Update

$11,500,000
Helena Elementary
and
$80,000,000
Helena High School
G.O. Bonds 2026

October 7, 2026

Market Update

Legislative and Policy News

While fiscal policy debates continue in Washington, the federal tax exemption for municipal bonds remains intact and foundational to public finance. Investor attention remains focused on the Federal Reserve's policy outlook, Treasury yield volatility, elevated absolute yields, relative value opportunities, differentiated credit fundamentals, supply absorption, and evolving market technicals. While municipal tax policy may periodically resurface in federal budget discussions, these market and economic factors continue to exert the greatest influence on municipal valuations, investor demand, and primary market activity.

Economic Drivers and Indicators

Inflation, Federal Reserve policy, labor market conditions, and state and local revenue performance continue to influence municipal yields, borrowing costs, and investor demand. Recent economic data have reinforced uncertainty surrounding the timing and pace of future policy moves, with Treasury yields remaining elevated as markets balance resilient economic activity against persistent inflation pressures. While geopolitical developments and fiscal policy uncertainty may contribute to periodic volatility, resilient credit fundamentals, attractive tax-adjusted yields, improving relative value, and renewed signs of investor demand continue to support the municipal market.

Issuance and Supply

U.S. municipal bond issuance remains elevated as state and local governments continue to access the market to fund infrastructure and capital improvement programs, while selectively pursuing refunding opportunities. The Bond Buyer's 30-day negotiated visible supply recently reached a 2026 high, underscoring the market's sizable calendar. While elevated supply has contributed to periodic volatility and wider municipal valuations, substantial reinvestment capital, higher absolute yields, and improving relative value have supported market absorption, even as investors remain increasingly selective within the high-yield sector.

Municipal Fund Flows

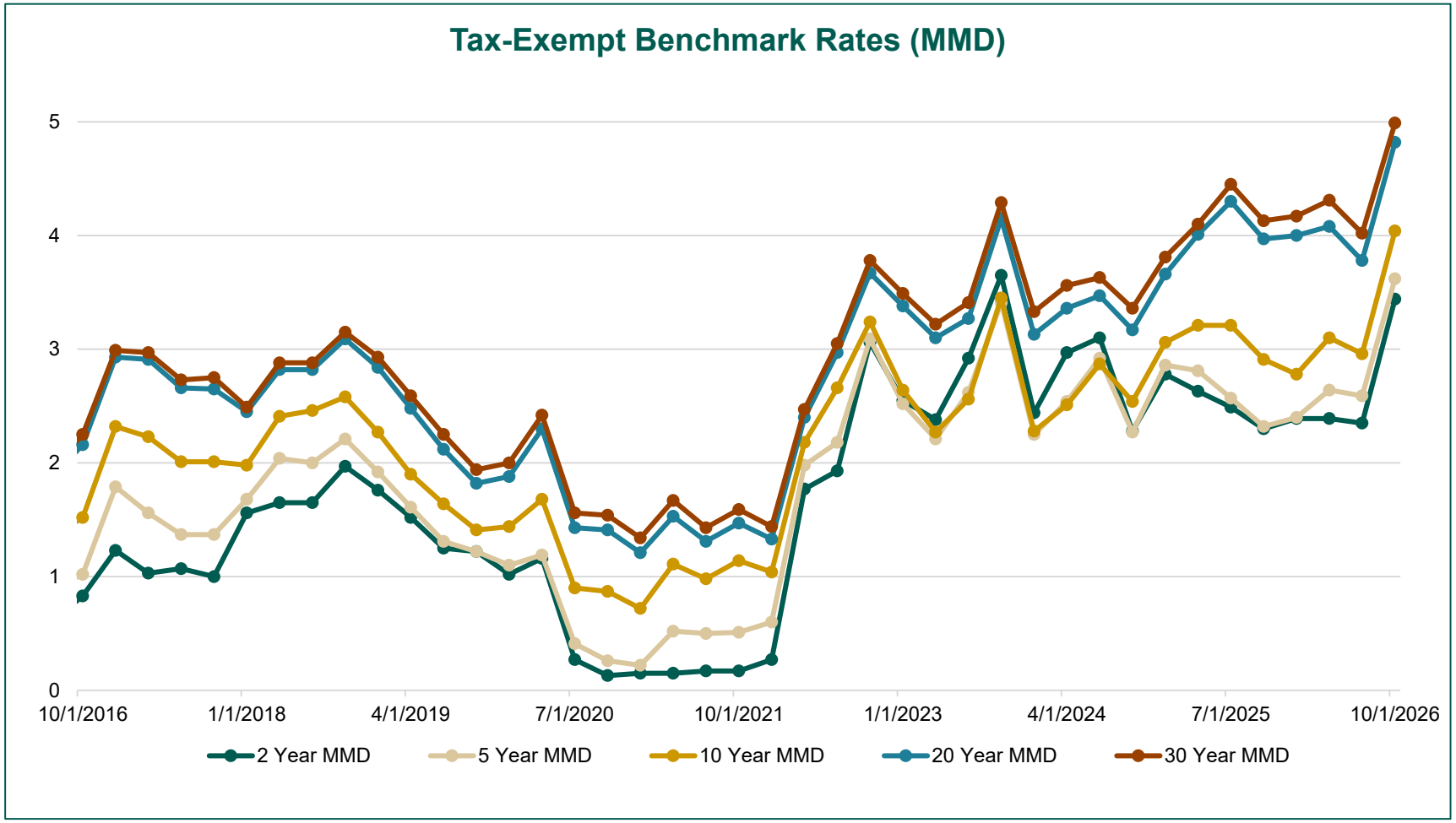
Municipal fund flows improved in the latest reporting week as investor demand began to respond to higher yields and more attractive valuations. LSEG Lipper reported $633mm of inflows for the reporting week ended September 23, reversing the prior week's $1.814bn of outflows. The four-week moving average remained negative at $210mm of weekly outflows, though improved from $7.7mm of weekly outflows the prior week. High-yield municipal funds recorded $206.4mm of outflows, an improvement from $583.7mm of outflows the previous week.[2]

Municipal Credit

The 10-year cumulative default rate for U.S. municipal bonds remains extremely low—approximately 0.15% according to Moody's.[3] While municipal credit conditions remain broadly strong, the moderation in credit quality trends observed in 2025—driven by sector-specific pressures rather than widespread stress—is expected to persist this year.

Sources: (1) The Bond Buyer, as of 9/28/26; (2) Lipper/LSEG, as of 9/25/2026; and (3) Moody's, as of 8/4/2025

Benchmark Rates MMD

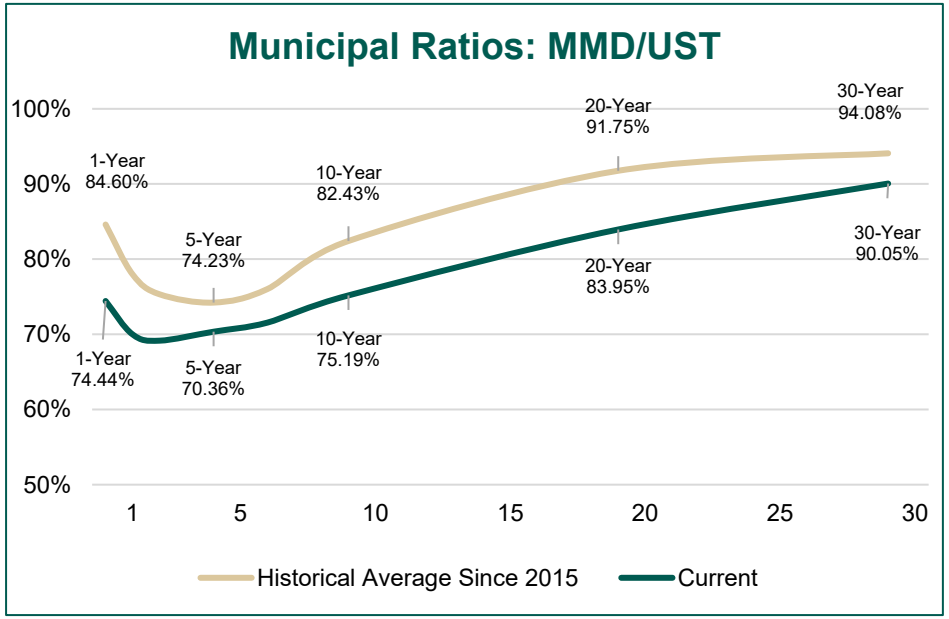


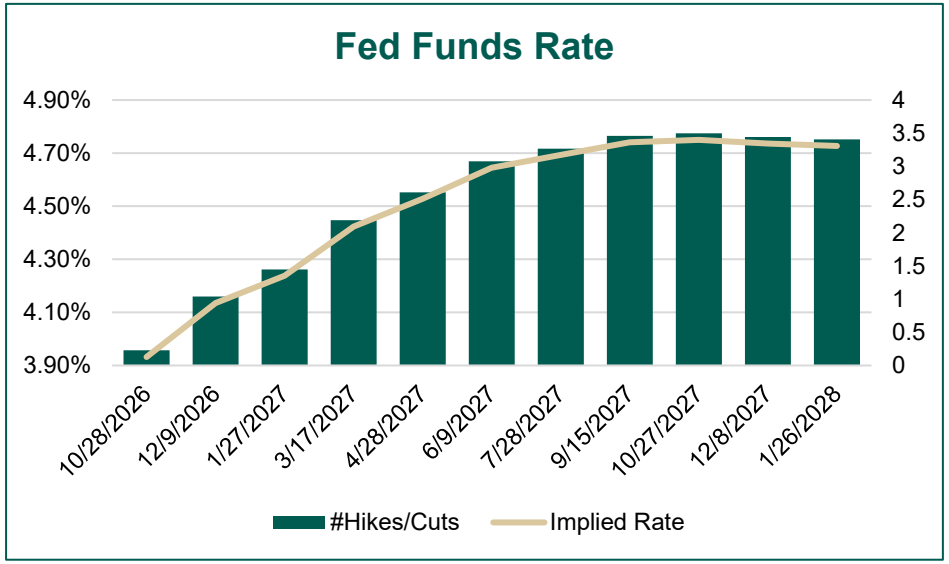
Sources: (1) Thomson Reuters TM3 10/1/26 (Updated Quarterly)

Interest Rate Environment

	Current	Prior Week	Prior Month	YTD Δ	5-Yr Avg	10-Yr Avg
MMD						
2-Yr	3.38%	3.46%	2.60%	+99 bps	2.41%	1.70%
5-Yr	3.56%	3.66%	2.92%	+116 bps	2.43%	1.82%
10-Yr	3.97%	4.05%	3.47%	+119 bps	2.69%	2.19%
30-Yr	5.07%	5.05%	4.70%	+82 bps	3.67%	3.02%
UST						
2-Yr	4.83%	4.81%	4.39%	+136 bps	3.78%	2.55%
5-Yr	5.06%	4.98%	4.54%	+132 bps	3.71%	2.66%
10-Yr	5.28%	5.17%	4.79%	+109 bps	3.83%	2.90%
30-Yr	5.63%	5.49%	5.27%	+77 bps	4.13%	3.31%
MMD/UST						
2-Yr	70%	72%	59%	+1.60%	64%	66%
5-Yr	70%	73%	64%	+9.64%	66%	68%
10-Yr	75%	78%	72%	+13.32%	70%	75%
30-Yr	90%	92%	89%	+2.98%	89%	91%

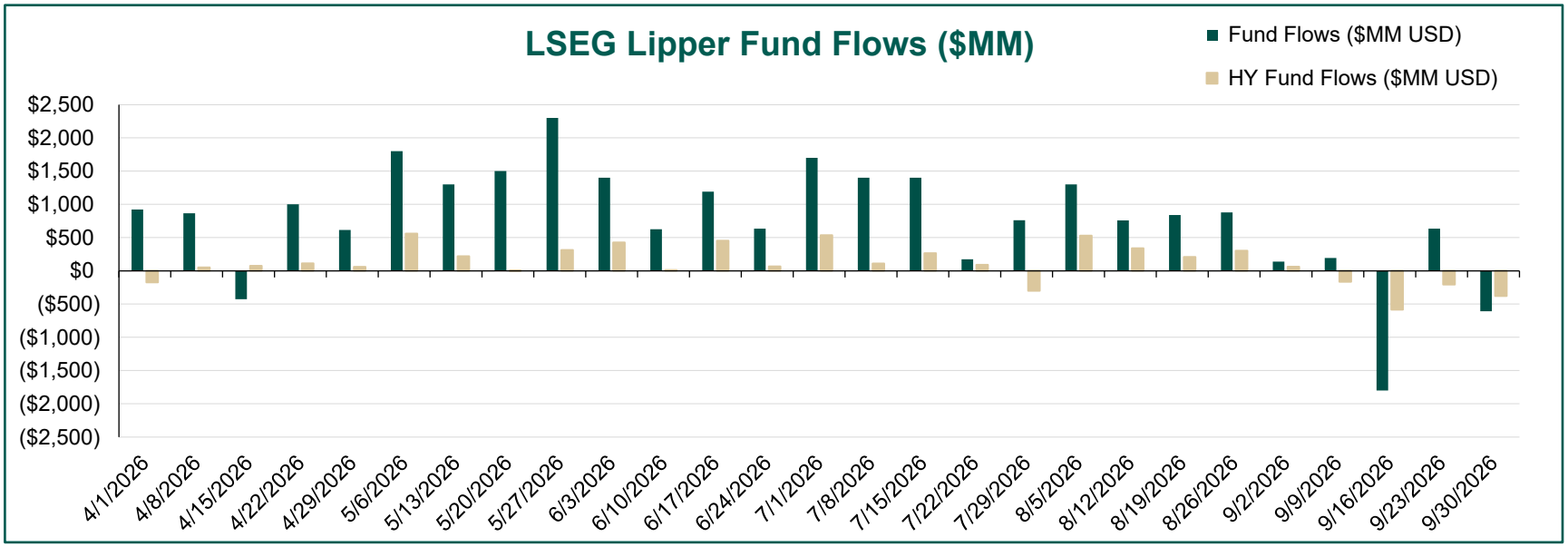
Sources: (1) Thomson Reuters TM3 and US Treasury as of 10/2/26; (2) Bloomberg, as of 10/2/26

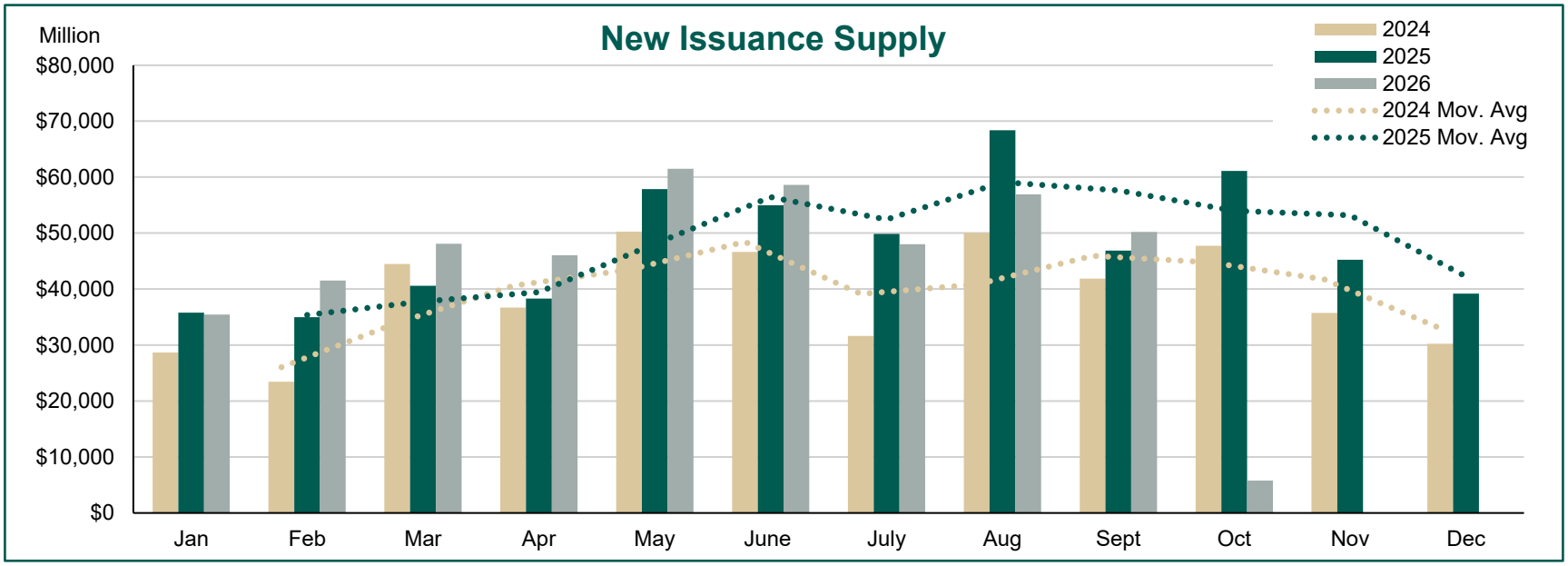




Supply & Demand

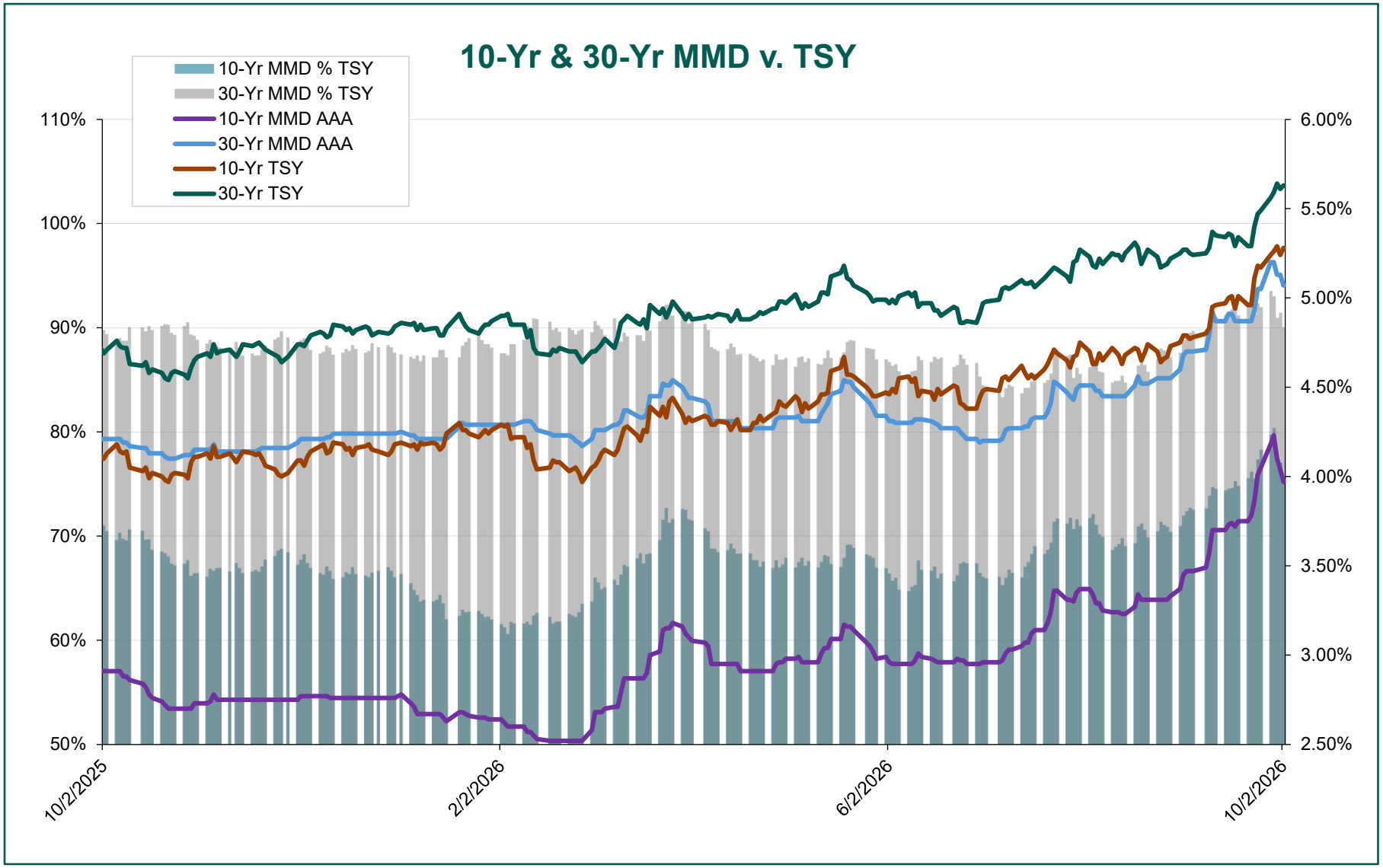
Municipal bond funds have experienced consistent net inflows over the past eight weeks, with weekly demand strengthening in recent weeks, reflecting sustained interest in tax-exempt income amid broader bond market inflows.





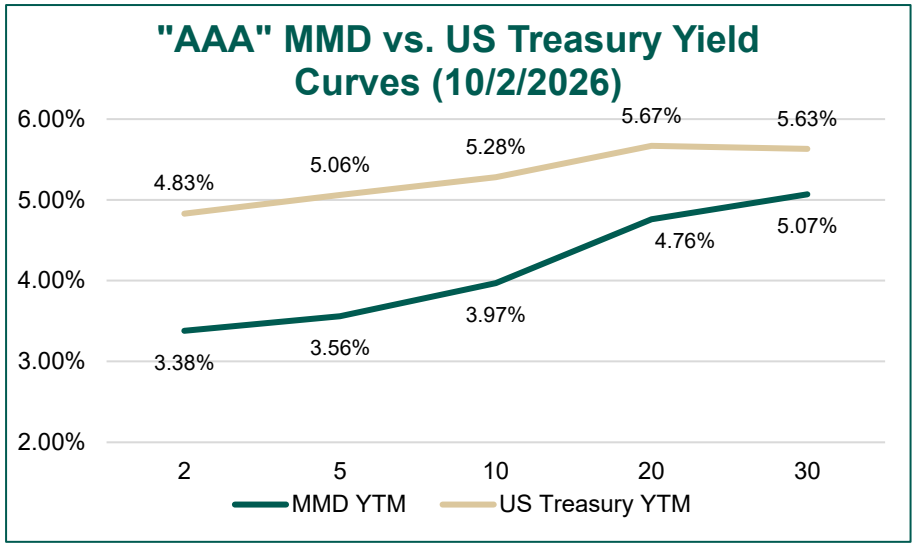
Sources: (1) LSEG Lipper Global Fund Flows as of 9/30/26; (2) Bloomberg, as of 10/2/2026

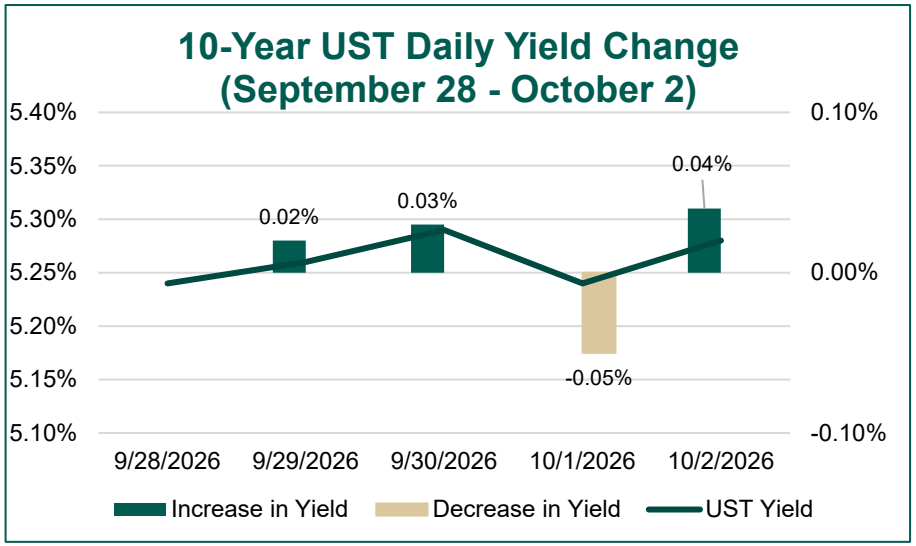
10-Yr & 30-Yr MMD v. TSY

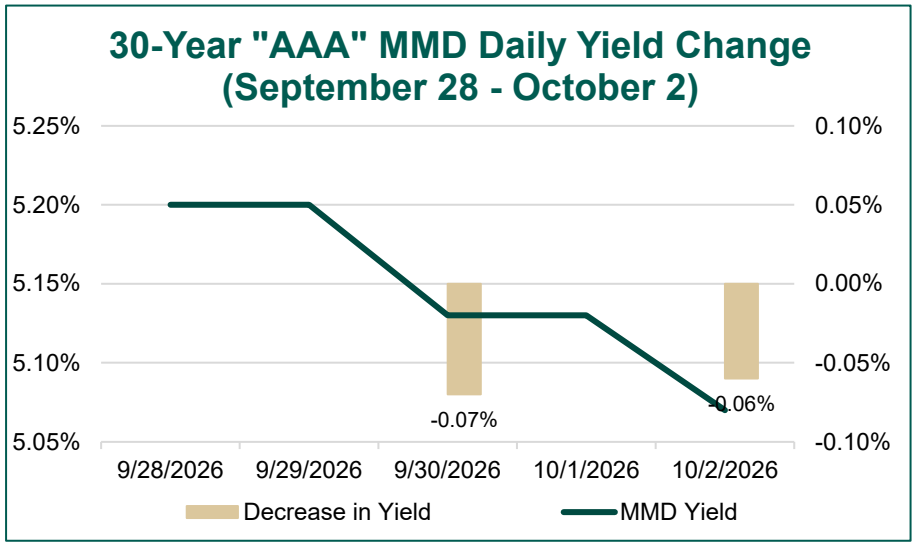


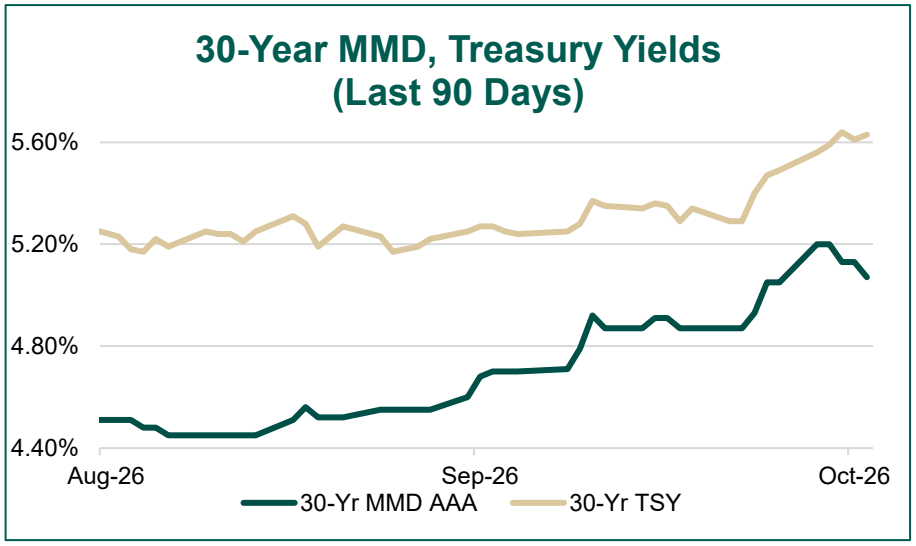
Sources: Thomson Reuters TM3 and US Treasury as of 10/2/26

Recent Yield Changes



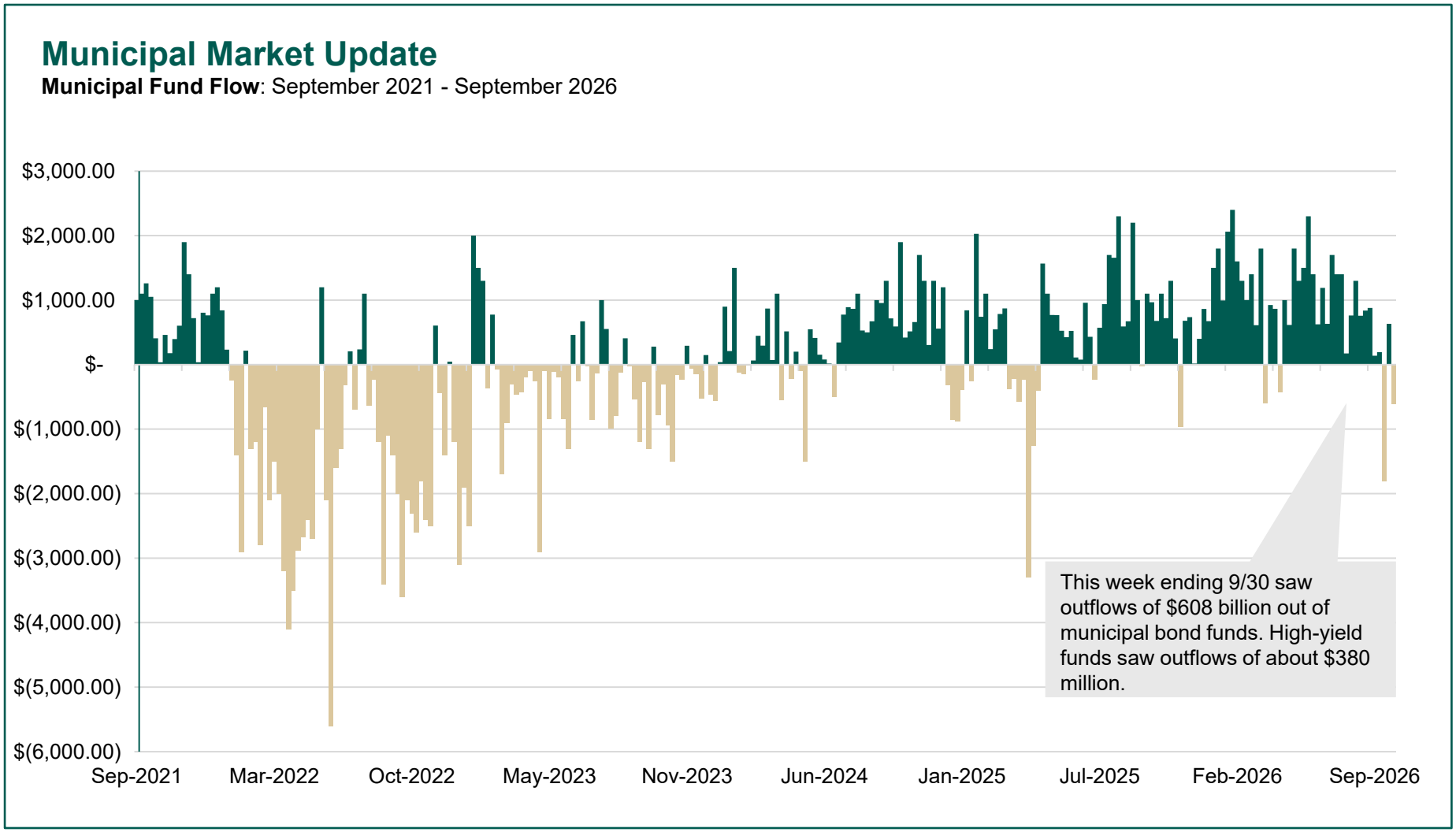






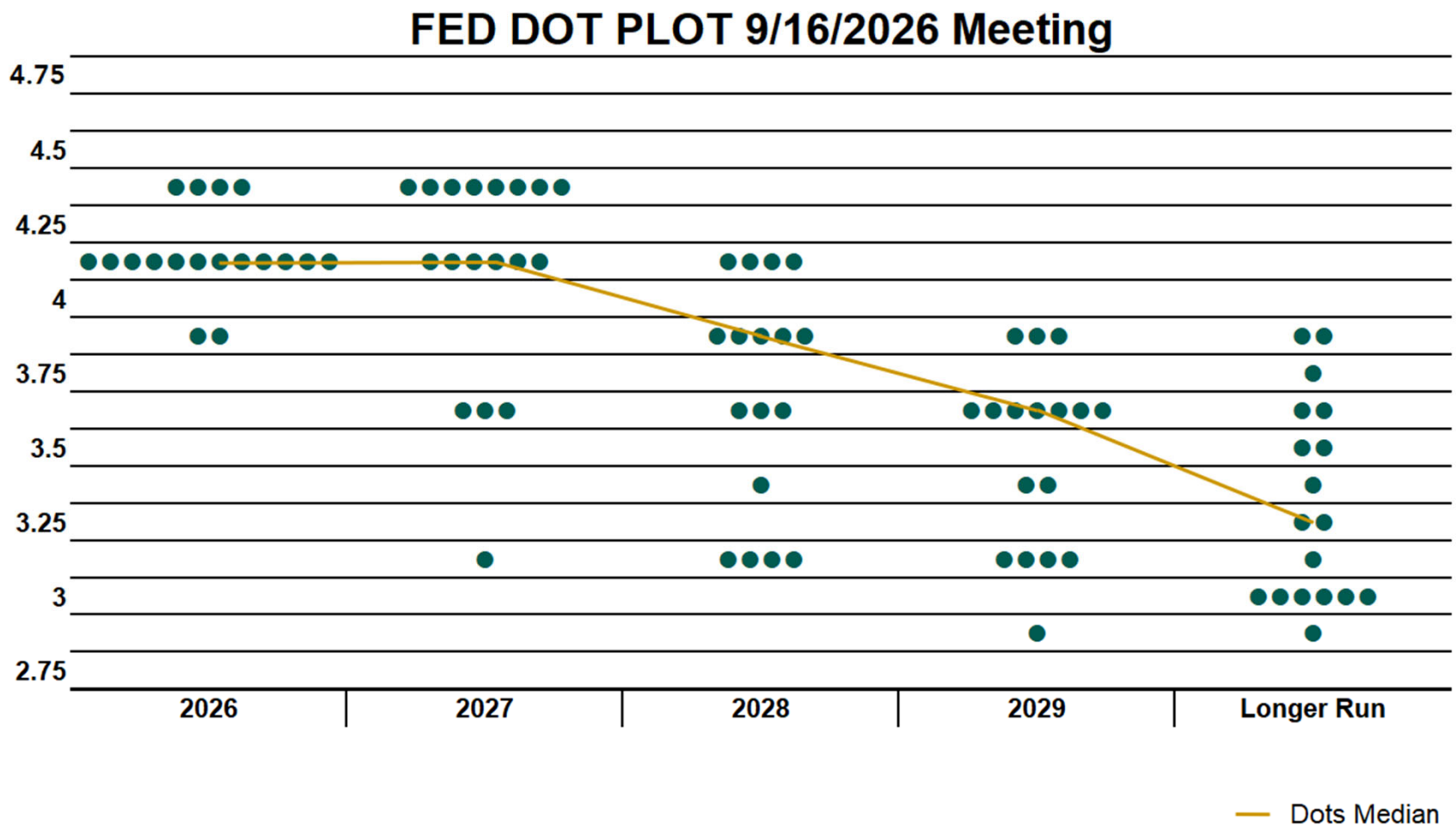
Sources: Thomson Reuters TM3 and US Treasury as of 10/2/26

LSEG Lipper Fund Flows



Sources: LSEG Lipper Global Fund Flows as of 9/30/26

Dot Plot



Source: Bloomberg, as of 9/16/26

Pricing Schedule

Two Week Economic Calendar – All in EST

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
October				
5 ISM Services Index (10:00 am)	6 Trade Balance (08:30 am)	7 MBA Mortgage Applications (07:00 am)	8 Initial Jobless Claims (08:30 am) Wholesale Inventories MoM (10:00 am)	9 U. of Mich. Sentiment (10:00 am)
October				
12 Columbus Day (Market Closed)	13 Existing Home Sales (10:00 am)	14 MBA Mortgage Applications (07:00 am) CPI MoM (08:30 am)	15 Retail Sales Advance MoM (08:30 am) PPI Final Demand MoM (08:30 am)	16 Industrial Production MoM (09:15 am)

Sources: Bloomberg, as of 10/2/26

Disclosures

Neither this material nor any of its contents may be disclosed, sold, or redistributed, electronically or otherwise, without prior written consent of Davidson Companies. The information presented herein is based on public information we believe to be reliable, prevailing market conditions, as well as our views at this point in time. We make no representation or warranty with respect to the accuracy of or completeness of this material.

Past performance is not necessarily indicative of future results. Davidson Companies does not assume any liability for any loss which may result from the reliance by any person upon such material. We make no representations regarding the legal, tax, regulatory, or accounting implications of entering into a Transaction.

Required disclosure pursuant to MSRB Rule G-23: An Underwriter's primary role will be to purchase as principal or arrange for the placement of the securities in a commercial arm's length transaction with the issuer, and may have financial and other interests that differ from those of the issuer. In its capacity as underwriter and not as a financial advisor, an underwriter may provide incidental financial advisory services at the issuer's request, including advice regarding the structure, timing, terms, and other similar matters concerning the issuance. However, and underwriter does not assume any financial advisory or fiduciary responsibilities with respect to the issuer.

Helena Elementary and High School Districts

General Obligation School Building Bonds, Series 2026

➢ PRELIMINARY FINANCING TIME SCHEDULE ≺

SEPTEMBER 2026						
SU	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER 2026						
SU	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER 2026						
SU	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER 2026						
SU	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

DATE	*ACTION*	*PARTY*
August 31	• Send first draft of the Resolutions Authorizing Issuance of the Bonds	Dorsey
September 8	• **BOARD MEETING** – The Board adopts Resolutions Authorizing Issuance of the Bonds as prepared by Dorsey & Whitney as Bond Counsel (DW) that names the Bond Finance Committee	All
September 10	• Send first Draft Preliminary Official Statement (POS) to the Districts and Dorsey for Review (Comments back by September 18)	DAD
September 21	• Send second Draft POS for Review	DAD
September 24	• Review Moody's Rating/Insurance Power Point Presentation, POS, Bond Resolution and Due Diligence Checklist (Bond Finance Committee) (1:00-2:30)	DAD/Districts
September 25	• Distribute Insurance and Rating Information (Draft POS, Audit Reports and Budget) to Moody's and Insurers to commence insurance and rating process	DAD
October 7	• Hold Moody's Rating Meeting from (1:00-2:30) (Bond Finance Committee and analysts from the Moody's)	Districts/DAD
October 13	• **BOARD MEETING** – Bond Update	All
October 26	• Receive Moody's Bond Ratings and Insurance Quotes	Districts/DAD
October 27	• Bond Finance Committee – Bond Issue Update and Review of Municipal Bond Insurance quotes (7:30-8:00 am)	Districts/DAD
October 29	• Print and Distribute POS/Marketing Materials to prospective investors	DAD/Districts
	• Send Tombstone Bond Advertisement announcing the Bond purchase opportunity to *The Independent Record* and other publications	DAD/Districts
November 10	• Bond Issue Preliminary Pricing Meeting to discuss Bond Market and Bond information with **Bond Finance Committee** (1:00-2:30)	DAD/Districts
November 10	• **BOARD MEETING** – Bond Update	All
November 16	• Update Meeting of Bond Issue Pricing to discuss Bond Market and Bond information with **Bond Finance Committee** (1:00-2:00)	DAD/Districts
November 18	• **OFFER Bonds to Individual Investors, Banks, and Other Purchasers**	**DAD**
	• **Bond Finance Committee Discuss Bond offering and finalize Bond Rates/Terms with DAD (11:00-11:30)**	**DAD/Districts**
	• **Bond Finance Committee Execute Bond Purchase Agreement (BPA) (1:00-1:30)**	**DAD/Districts**
	• **Distribute Final Financing Schedules to all Parties**	**DAD**
December 1	• Distribute Closing Documents	DW
	• Distribute Closing Instructions	DAD
	• Coordinate Investment of Proceeds	Districts
December 8	• **BOARD MEETING - Board adopts final Bond Resolutions**	All
December 17	• Closing/Delivery of Bond Proceeds	All