



State of Washington Request for Qualifications

Questions from Underwriters and Responses to those Questions Sent On February 20, 2013

1. If a firm responds as Co-Manager are you primarily looking at them to provide local Washington retail sales for specific new money projects identified in the future (similar to the last go-around).....or given the projects identified in Section 2, do you envision more opportunity for co-managers going forward? If so, would it be in addition to retail sales only?

The Office of the State Treasurer will make a determination as to how to structure the most cost effective financing. This determination will be based on several factors including the type of bond or financing contract in each transaction, the anticipated size of the financing, as well as objectives related to targeting certain investor groups. At this point, we anticipate that co-managers are likely to have a role in future retail sales. Other types of transactions that may potentially benefit from participation from co-managers include financings in unstable markets, special tax financings or financings that benefit from the specialized knowledge of a particular underwriter.

2. In relation to RFQ language regarding CDS trading, the State references stand alone swaps where the State is the Reference Entity. Are we correct to conclude that market index swaps where Washington may or may not be one of the names included in the index are not subject to the RFQ language?

Market index swaps where Washington may or may not be one of the names included in the index are not subject to the RFQ language.

3. In relation to RFQ language regarding CDS trading, is the period during which the underwriter must make the certification limited to the time from when an underwriter receives a mandate to serve as senior or co-manager through the end of the underwriting period for that specific bond issue, or is the certification for the duration of the period the underwriter is in the underwriting pool?

The certification is for the duration of the period the underwriter is in the underwriting pool. Participants in the pool will be asked to certify that they conform to the CDS policies on a semiannual basis.

4. In relation to RFQ language regarding CDS trading, an underwriter is deemed to have satisfied the State's conditions if CDS are booked outside of the broker dealer, even if the trading entity is a 'related' entity under the same holding company. Are we reading this correctly?

It is the state's preference that any CDS within or outside of the broker deal are subject to these policies. However, the semiannual certification will be signed by the entity that would sign a Bond Purchase Agreement.

**Additional Questions from Underwriters and Responses to those Questions Received
After February 20, 2013**

5. Does the State plan to issue any variable rate debt?

At this time, the State does not have any plans to issue variable rate debt. However, that decision could change depending on market conditions.

6. Does the State intend to issue any revenue bond debt that does not also carry a general obligation pledge?

The State expects to issue revenue bonds backed by tolls in Fiscal 2014. The issuance of other revenue bonds depends on legislative authorization.