NEW ISSUE, BOOK-ENTRY ONLY

Moody’s Rating: Aa2
(See “RATING”)

$34,495,000
STATE OF WASHINGTON
CERTIFICATES OF PARTICIPATION, SERIES 2011D
(STATE AND LOCAL AGENCY REAL AND PERSONAL PROPERTY)
Evidencing and Representing Undivided Proportionate Interests
of the Owners Thereof in
State Payments to be Made by the State of Washington
Pursuant to the Master Financing Agreements

Dated: Date of Initial Delivery Due: January 1, as shown on page i hereof

The State of Washington Certificates of Participation, Series 2011D (State and Local Agency Real and Personal Property) (the “Certificates”), will be executed and delivered in fully registered form under a book-entry only system, initially registered in the name of Cede & Co. (the “Owner”), as owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Certificates.

Individual purchases of the Certificates will be made in book-entry form only, in denominations of $5,000 and any integral multiple thereof. Purchasers of the Certificates will not receive certificates representing their beneficial ownership interests in the Certificates purchased, except as described herein.

The interest evidenced and represented by the Certificates is payable semiannually on each July 1 and January 1, beginning on July 1, 2012. Principal and interest evidenced and represented by the Certificates are payable directly to DTC by The Bank of New York Mellon as Fiscal Agent for the Certificates (the “Fiscal Agent”). Upon receipt of payments of principal and interest represented by the Certificates, DTC in turn is obligated to remit such payments to the DTC participants for subsequent disbursement to the purchasers of beneficial ownership interests in the Certificates. See “THE CERTIFICATES—Book-Entry System” and Appendix E-—“DTC AND ITS BOOK-ENTRY SYSTEM.”

The Certificates are subject to optional, mandatory and extraordinary mandatory prepayment prior to their respective Principal Payment Dates. See “THE CERTIFICATES—Prepayment.”

The Certificates are being executed and delivered to finance and/or refinance the costs of acquisition and construction of certain real and personal property for the benefit of certain State Agencies and Local Agencies (together, the “Agencies”) and to fund issuance costs with respect to the Certificates. The Certificates are being executed and delivered by the Fiscal Agent pursuant to a Trust Agreement among the Fiscal Agent, the Treasurer and the Washington Finance Officers Association (the “Corporation”), a Washington nonprofit corporation. The Certificates represent undivided proportionate interests in payments to be made by the state of Washington (the “state”) under Master Financing Agreements between the Corporation and the state (the “State Payments”).

Except as otherwise described herein, State Payments are payable from payments to be made pursuant to the Agency Financing Agreements, each between the state and the applicable Agency (“Agency Payments”). In the event that any Local Agency fails to make any payment due under its Agency Financing Agreement, the Treasurer is obligated to withhold an amount sufficient to make such payment from the Local Agency’s share, if any, of state revenues or other amounts authorized or required by law to be distributed by the state to such Local Agency, if otherwise legally permissible. Upon the failure of any Local Agency to make any Agency Payment, the Treasurer is obligated further, to the extent of legally available appropriated funds and subject to any Executive Order reduction, to make the payment on behalf of the Local Agency. Agency Payments by any State Agency due under its Agency Financing Agreement are subject to appropriation and to any Executive Order reduction by the Governor. See “SECURITY FOR THE CERTIFICATES.”

THE MASTER FINANCING AGREEMENTS, INCLUDING THE STATE AGENCY FINANCING ADDENDA AND STATE AGENCY FINANCING LEASE ADDENDA, CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE STATE PAYABLE SOLELY FROM THE SOURCES AND SUBJECT TO THE LIMITATIONS SET FORTH THEREIN. NONE OF THE STATE PAYMENTS, THE AGENCY PAYMENTS OR THE CERTIFICATES CONSTITUTE OR REPRESENT DEBT OR GENERAL OBLIGATIONS OF THE STATE OR ANY STATE AGENCY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE NOR ANY STATE AGENCY IS PLEDGED TO THE PAYMENT OF ANY SUCH PAYMENTS OR THE PRINCIPAL OR INTEREST EVIDENCED AND REPRESENTED BY THE CERTIFICATES. THE STATE WILL NOT BE OBLIGATED TO PAY THE SAME EXCEPT FROM AGENCY PAYMENTS AND OTHER AMOUNTS AS PROVIDED IN THE MASTER FINANCING AGREEMENTS. ANY PAYMENTS BY THE TREASURER ON BEHALF OF A LOCAL AGENCY AND PAYMENTS BY A STATE AGENCY ARE SUBJECT TO APPROPRIATION BY THE LEGISLATURE AND TO EXECUTIVE ORDER REDUCTION BY THE GOVERNOR. A DETERMINATION BY THE LEGISLATURE NOT TO APPROPRIATE, OR ANY EXECUTIVE ORDER REDUCTION BY THE GOVERNOR, WOULD NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE TRUST AGREEMENT, THE MASTER FINANCING AGREEMENTS OR ANY STATE AGENCY FINANCING ADDENDA OR STATE AGENCY FINANCING LEASE ADDENDA.

In the opinion of Certificate Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issue date of the Certificates, interest evidenced and represented by the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. While interest evidenced and represented by the Certificates also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest evidenced and represented by the Certificates received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations. Interest evidenced and represented by the Certificates received by certain S corporations may be subject to tax, and interest evidenced and represented by the Certificates received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest evidenced and represented by the Certificates may have other federal tax consequences for certain taxpayers. See “TAX MATTERS.”

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 the making of an informed investment decision. The Certificates are offered when, as and if executed and delivered, subject to the receipt of the approving opinion of Foster Pepper PLLC, Seattle, Washington, Certificate Counsel to the state, and certain other conditions. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the state by Foster Pepper PLLC, Seattle, Washington, as Disclosure Counsel to the state.

It is anticipated that the Certificates will be available for delivery through the facilities of DTC in New York, New York, or to the Fiscal Agent on behalf of DTC by Fast Automated Securities Transfer on or about November 16, 2011.
No dealer, broker, salesperson, or other person has been authorized by the state to give any information or to make any representations with respect to the Certificates other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from sources which are believed to be current and reliable. The state, however, makes no representation regarding the accuracy or completeness of the information in Appendix E—“DTC AND ITS BOOK-ENTRY SYSTEM” provided by DTC. Estimates and opinions should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions and such summaries are qualified by references to the entire contents of the summarized documents. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made by use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the state since the date hereof.

In connection with the offering of the Certificates, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Certificates at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

The presentation of certain information, including tables of receipts from taxes and other revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the state. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue to be repeated in the future.

This Official Statement contains forecasts, projections and estimates that are based upon expectations and assumptions that existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the state, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the state that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or as guarantees of results.

If and when included in this Official Statement, the words “plan,” “expect,” “forecast,” “estimate,” “budget,” “project,” “intends,” “anticipates” and similar words are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the state. These forward-looking statements speak only as of the date they were prepared.

The Certificates will not be registered under the Securities Act of 1933, as amended, in reliance upon an exception contained in such act.
CERTIFICATE PAYMENT SCHEDULE

$34,495,000
STATE OF WASHINGTON
CERTIFICATES OF PARTICIPATION, SERIES 2011D
(STATE AND LOCAL AGENCY REAL AND PERSONAL PROPERTY)

Evidencing and Representing Undivided Proportionate Interests of the Owners Thereof in State Payments to be Made by the State of Washington Pursuant to the Master Financing Agreements

SERIAL CERTIFICATES

<table>
<thead>
<tr>
<th>Principal Payment Date (January 1)</th>
<th>Principal Component</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>CUSIP Number(1)</th>
</tr>
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<tbody>
<tr>
<td>2013</td>
<td>$3,580,000</td>
<td>2.000%</td>
<td>0.450%</td>
<td>101.737%</td>
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<tr>
<td>2014</td>
<td>3,815,000</td>
<td>3.000%</td>
<td>0.850%</td>
<td>104.517%</td>
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<tr>
<td>2015</td>
<td>3,930,000</td>
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<td>1.210%</td>
<td>105.472%</td>
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<tr>
<td>2016</td>
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<td>3.000%</td>
<td>1.540%</td>
<td>105.812%</td>
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<tr>
<td>2017</td>
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<td>110.671%</td>
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<td>2018</td>
<td>1,890,000</td>
<td>4.000%</td>
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<td>110.925%</td>
<td>939720HM3</td>
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<td>2019</td>
<td>1,975,000</td>
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<td>110.695%</td>
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<td>1,440,000</td>
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<tr>
<td>2022</td>
<td>1,510,000</td>
<td>5.000%</td>
<td>3.000%</td>
<td>117.349%</td>
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<tr>
<td>2023</td>
<td>1,145,000</td>
<td>5.000%</td>
<td>3.140%</td>
<td>116.022%</td>
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<td>2024</td>
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<td>2025</td>
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<td>2029</td>
<td>730,000</td>
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<td>4.000%</td>
<td>100.000%</td>
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Subtotal $32,105,000

TERM CERTIFICATES

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<tr>
<th>Principal Payment Date (January 1)</th>
<th>Principal Component</th>
<th>Interest Rate</th>
<th>Yield</th>
<th>Price</th>
<th>CUSIP Number(1)</th>
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</thead>
<tbody>
<tr>
<td>2032</td>
<td>$2,390,000</td>
<td>4.000%</td>
<td>4.160%</td>
<td>97.829%</td>
<td>939720JB5</td>
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</table>

Total $34,495,000

(1) CUSIP® is a registered trademark of the American Bankers Association. The CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by Standard and Poor’s. 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 have been assigned by an independent company not affiliated with the state and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Certificates. Neither the state nor the Underwriter takes responsibility for the accuracy of the CUSIP numbers.

(2) Priced to the January 1, 2022, par call date.
The proceeds received from the sale of the Certificates will be applied to finance and/or refinance the costs of acquisition and construction of the following items of real and personal property for the following participating State Agencies and Local Agencies:

<table>
<thead>
<tr>
<th>Term (years)</th>
<th>Agency Name</th>
<th>Property</th>
<th>Amount</th>
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<tbody>
<tr>
<td>3</td>
<td>Consolidated Technology Services(^{(1)})</td>
<td>IT data equipment</td>
<td>$81,126</td>
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<tr>
<td>3</td>
<td>Lower Columbia College(^{(1)})</td>
<td>machinery and medical equipment</td>
<td>211,177</td>
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<td>3</td>
<td>Benton Fire Protection District 2</td>
<td>Two ambulances</td>
<td>255,000</td>
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<td>3</td>
<td>Consolidated Technology Services(^{(1)})</td>
<td>Computer equipment</td>
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<td>Computer equipment</td>
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<td>4</td>
<td>Consolidated Technology Services(^{(1)})</td>
<td>IT data equipment</td>
<td>133,279</td>
</tr>
<tr>
<td>4</td>
<td>Dept of Enterprise Services(^{(1)})</td>
<td>Computer and IT data equipment</td>
<td>210,265</td>
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<td>4</td>
<td>Consolidated Technology Services(^{(1)})</td>
<td>IT data equipment</td>
<td>232,650</td>
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<td>4</td>
<td>Dept of Enterprise Services(^{(1)})</td>
<td>Computer equipment</td>
<td>338,470</td>
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<td>5</td>
<td>Camano Mosquito District</td>
<td>Truck</td>
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<td>Department of Agriculture(^{(1)})</td>
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<td>University of Washington(^{(1)})</td>
<td>Laboratory equipment</td>
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<td>5</td>
<td>City of Milton</td>
<td>Three Police Cruisers</td>
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<td>5</td>
<td>Dept of Enterprise Services(^{(1)})</td>
<td>Parking meters</td>
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<td>5</td>
<td>Consolidated Technology Services(^{(1)})</td>
<td>Telecom equipment</td>
<td>157,590</td>
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<td>5</td>
<td>Dept of Fish and Wildlife(^{(1)})</td>
<td>Trucks</td>
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<td>5</td>
<td>Klickitat Public Hospital District 1</td>
<td>Hospital Equipment</td>
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<td>5</td>
<td>City of Goldendale</td>
<td>Automated Meter Reading System</td>
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<td>5</td>
<td>Metropolitan Park District of Tacoma</td>
<td>Fleet vehicles</td>
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<tr>
<td>5</td>
<td>Consolidated Technology Services(^{(1)})</td>
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<td>7</td>
<td>Consolidated Technology Services(^{(1)})</td>
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<td>10</td>
<td>Washington State University(^{(1)})</td>
<td>Sloan Hall energy upgrades</td>
<td>68,652</td>
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<td>10</td>
<td>Washtucna School District 109 43</td>
<td>HVAC system</td>
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<td>10</td>
<td>City of Des Moines</td>
<td>Energy projects</td>
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<td>Lewis Fire Protection District 3</td>
<td>Ambulance</td>
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<td>San Juan County (^{(2)})</td>
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<td>Wishkah Valley School District 117</td>
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<td>Whatcom Fire Protection District 19</td>
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<td>Boiler</td>
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<td>City of Leavenworth</td>
<td>Street Sweeper</td>
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<tr>
<td>10</td>
<td>Washington State University(^{(1)})</td>
<td>Pullman Info Tech Bldg utility upgrade</td>
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<td>Dept of Social and Health Services(^{(1)})</td>
<td>Energy projects</td>
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<tr>
<td>10</td>
<td>Quincy School District 144-101</td>
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<td>Lewis Co Fire Protection District 12</td>
<td>Fire Engine</td>
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<td>Vancouver School District 37</td>
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<td>City of Omak</td>
<td>Aerial Fire Truck</td>
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<td>North Mason School District 403</td>
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<tr>
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<td>15</td>
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<td>15</td>
<td>Columbia Basin College(^{(1)})</td>
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<td>20</td>
<td>City of Grandview (^{(2)})</td>
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<td>750,000</td>
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<tr>
<td>20</td>
<td>Wenatchee Valley College (^{(1)(2)})</td>
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<td>20</td>
<td>Dept of Social and Health Services(^{(1)(2)})</td>
<td>Construction of juvenile facilities</td>
<td>8,500,000</td>
</tr>
</tbody>
</table>

\(^{(1)}\) State Agency.

\(^{(2)}\) Real Property Participant.
STATE FINANCE COMMITTEE
OF THE
STATE OF WASHINGTON

JAMES L. McINTIRE.................................................. Treasurer and Chairman
CHRISTINE O. GREGOIRE...........................................Governor and Member
BRAD OWEN .......................................................... Lieutenant Governor and Member

Ellen L. Evans...............................Deputy State Treasurer—Debt Management

CERTIFICATE COUNSEL AND DISCLOSURE COUNSEL TO THE STATE
Foster Pepper PLLC
Seattle, Washington

FINANCIAL ADVISOR TO THE STATE
SDM Advisors, Inc.
Mount Vernon, Washington

This Official Statement will be available upon request to the Office of the State Treasurer. This Official Statement is available via the Internet at the Office of the State Treasurer’s Home Page:

http://www.tre.wa.gov/investors/investorinformation.shtml

The availability of this Official Statement via the Internet will not under any circumstances create any implication that there has been no change in the affairs of the state since the date hereof, or that the statements and information herein are current as of any date after the date hereof.

The website of the state or any state department or agency is not part of this Official Statement, and investors should not rely on information presented in the state’s website, or on any other website referenced herein, in determining whether to purchase the Certificates. Information appearing on any such website is not incorporated by reference in this Official Statement.
CONTACT INFORMATION

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Olympia, Washington  98501
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Global Corporate Trust-Public Finance
101 Barclay Street, 21st Floor
New York, New York  10286
Phone: (800) 438-5473

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Seattle, Washington  98101
Phone: (206) 447-4400

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P.O. Box 2469
Mount Vernon, Washington  98273
Phone: (360) 445-0138
Email: advisors@SDMadvisers.com
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OFFICIAL STATEMENT

$34,495,000
STATE OF WASHINGTON
CERTIFICATES OF PARTICIPATION, SERIES 2011D
(STATE AND LOCAL AGENCY REAL AND PERSONAL PROPERTY)

Evidencing and Representing Undivided Proportionate Interests of the Owners Thereof
in State Payments to be Made by the State of Washington
Pursuant to the Master Financing Agreements

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page and the appendices
hereto, is to provide information relating to the State of Washington (the “state” or “Washington”) and the
$34,495,000 aggregate principal amount of State of Washington Certificates of Participation, Series 2011D (State and Local Agency Real and Personal Property) (the “Certificates”), proposed to be
issued by the state.

This Official Statement is not to be construed as a contract or agreement between the state and the
purchasers of the Certificates.

General Description

The proceeds of the Certificates are to be used to finance and/or refinance the costs of acquisition and
construction of certain parcels of real property (the “Projects”) and the acquisition of certain personal
property for the benefit of certain State Agencies and Local Agencies (together, the “Agencies”), as
shown on the table entitled “Participating Agencies” on page ii, and to pay issuance costs with respect to
the Certificates.

The Certificates are being executed and delivered by The Bank of New York Mellon as Fiscal Agent for
the Certificates (the “Fiscal Agent”), pursuant to a Trust Agreement with respect to the Certificates, dated
as of the Dated Date (the “Trust Agreement”), among the Fiscal Agent, the Treasurer and the Washington
Finance Officers Association (the “Corporation”), a Washington nonprofit corporation. The Certificates
represent undivided proportionate interests in Base Rent Payments to be made by the state under a Master
Financing Lease for real property (the “Master Financing Lease”) and/or Installment Payments to be
made by the state under a Master Financing Contract for personal property (the “Master Financing
Contract” and together with the Master Financing Lease, the “Master Financing Agreements”), each dated
as of the Dated Date, between the Corporation and the state. Base Rent Payments and Installment
Payments are collectively referred to herein as “State Payments.”

Capitalized terms used herein, if not specifically defined, are used as defined in Appendix I to the Trust
Agreement. See Appendix B—“DEFINITIONS AND SUMMARY OF CERTAIN LEGAL
DOCUMENTS.”

Real Property

The respective parcels of real property on which the respective Projects of the participating Agencies are
located (collectively, the “Sites”) are being leased to the Corporation by the respective Agencies pursuant
to separate Site Leases, each dated as of the Dated Date (the “Site Leases”), between each such Agency
and the Corporation. Pursuant to the Master Financing Lease, the state is leasing the Sites and the
Projects thereon (collectively, the “Real Property”) from the Corporation. The state in turn is subleasing
each parcel of Real Property back to the related Agency pursuant to separate Local Agency Financing Leases or State Agency Financing Lease Addenda (collectively, the “Financing Leases”), each dated as of the Dated Date, between the state and the respective Agencies. Each Agency is required to make Agency Rent Payments to the state pursuant to its Financing Lease for the sublease of its respective Real Property.

The Agency Rent Payments payable by the participating Agencies pursuant to the Financing Leases are, in the aggregate, at least equal to the corresponding Base Rent Payments payable by the state pursuant to the Master Financing Lease. Pursuant to a Master Assignment (the “Master Assignment (Real Property)”), dated as of the Dated Date, the Corporation is assigning and transferring to the Fiscal Agent, without recourse, all of its rights to the Sites pursuant to the Site Leases, all of its rights to receive the Base Rent Payments from the state pursuant to the Master Financing Lease, its right to take all actions, exercise all remedies and give all consents under and pursuant to the Site Leases and the Master Financing Lease, and all of its remaining right, title and interest in, to and under the Site Leases, the Master Financing Lease, the Financing Leases, and the Real Property. See “SECURITY FOR THE CERTIFICATES” and Appendix B—“DEFINITIONS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS.”

**Personal Property**

Various Agencies have purchased personal property to be financed or refinanced with the proceeds of the Certificates (collectively, the “Personal Property” and, together with the Real Property, the “Property”) on behalf of and as the agent of the Corporation. Pursuant to the Master Financing Contract, the state is purchasing the Personal Property from the Corporation. The state in turn is selling the Personal Property to the applicable Agencies pursuant to separate Local Agency Financing Contracts or State Agency Financing Addenda (collectively, the “Agency Financing Contracts”), each dated as of the Dated Date, between the state and the applicable Agencies.

Each Agency is required to make Agency Installment Payments to the state pursuant to its Agency Financing Contract for the purchase of its respective items of Personal Property. The Agency Installment Payments payable by the participating Agencies pursuant to the Agency Financing Contracts in the aggregate are at least equal to the corresponding Installment Payments payable by the state pursuant to the Master Financing Contract. Pursuant to a Master Assignment (the “Master Assignment (Equipment)”), dated as of the Dated Date, the Corporation is assigning and transferring to the Fiscal Agent, without recourse, all of its rights to receive the Installment Payments from the state pursuant to the Master Financing Contract, its right to take all actions, exercise all remedies and give all consents under and pursuant to the Master Financing Contract, and all of its remaining right, title and interest in, to and under the Master Financing Contract and the Agency Financing Contracts, and in and to the Personal Property. See “SECURITY FOR THE CERTIFICATES” and Appendix B—“DEFINITIONS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS.”

**State Payments and Agency Payments**

Except as otherwise described herein, payments due from the state under the Master Financing Agreements (“State Payments”) are payable from Agency Rent Payments and Agency Installment Payments (together, the “Agency Payments”) to be made pursuant to the Financing Leases and the Agency Financing Contracts (together, the “Agency Financing Agreements”). The obligation of each State Agency to make its Agency Payments is subject to appropriation by the Legislature and to Executive Order reduction by the Governor. The State is not obligated to pay the State Payments other than from appropriated funds of the respective State Agencies and from Agency Payments received from Local Agencies. Payment of the Agency Payments of each Local Agency is secured by the full faith and credit of such Local Agency. In the event that any Local Agency fails to make any payment due under its
Agency Financing Agreement, the Treasurer is obligated to withhold an amount sufficient to make such payment from the Local Agency’s share, if any, of state revenues or other amounts authorized or required by law to be distributed by the state to such Local Agency, if otherwise legally permissible. Upon the failure of any Local Agency to make any Agency Payment as required pursuant to its Agency Financing Agreement, the Treasurer is further obligated, to the extent of legally available appropriated funds and subject to any Executive Order reduction, to make such payment on behalf of such Local Agency. See “SECURITY FOR THE CERTIFICATES.”

**Document Summaries**

For summaries of the Trust Agreement, the Master Financing Lease, the Master Financing Contract, the Financing Leases, the Agency Financing Contracts, the Master Assignments, and the Site Leases, see Appendix B—“DEFINITIONS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS.” Such summaries and descriptions herein of the Certificates, the Master Financing Lease, the Master Financing Contract, the Financing Leases, the Agency Financing Contracts, the Master Assignments, and the Site Leases, and the Committee’s authorizing resolutions and the references to and summaries of certain provisions of the Washington State Constitution (the “Constitution”) and laws of the state and any other documents and agreements referred to herein do not purport to be complete and are qualified in their entirety by reference to the complete provisions thereof. Certain financial information regarding the state has been taken or derived from the audited financial statements and other financial reports of the state. General and economic information about the state is included in Appendix A—“GENERAL AND ECONOMIC INFORMATION,” and audited financial statements for the state’s fiscal year ended June 30, 2010, are included as Appendix D.

**State Finance Committee**

The Legislature, by statute, has delegated to the State Finance Committee (the “Committee”) authority to supervise and control the issuance of all state bonds and other state obligations, including certificates of participation and other financing contracts, authorized by the Legislature. The Committee is composed of the Governor, Lieutenant Governor and Treasurer. The Treasurer is designated as Chairman of the Committee, and pursuant to Chapter 3, Laws of 1981 (Section 43.33.030 of the Revised Code of Washington (“RCW”)), the Office of the State Treasurer provides administrative support to the Committee. A Deputy State Treasurer acts as recording officer for the Committee and is responsible for the administration of its official duties in accordance with prescribed policies of the Committee.

**THE CERTIFICATES**

**Authorization**

The state is authorized by Chapter 39.94 RCW, as amended (the “Act”), to enter into financing contracts, for the state and its agencies or on behalf of certain local agencies specified in the Act, to acquire real and personal property to be used by the state or its agencies or such local agencies, and to issue certificates of participation in those contracts. The term “local agency” is defined in the Act to include a library or regional library, an educational service district, the superintendent of public instruction, the school directors’ association, a health district, or any county, city, town, school district, or other municipal corporation or quasi-municipal corporation described as such by statute. Financing contracts may include, but are not limited to, conditional sales contracts, financing leases, lease purchase contracts, and refinancing contracts that provide for payment by the state over a term of more than one year.

All financing contracts of the state must be approved by the Committee, and financing contracts for the acquisition of real property by the state must receive the prior approval of the Legislature. The
Washington Supreme Court in *State Department of Ecology v. State Finance Committee*, 116 Wn.2d 246, 804 P.2d 1241 (1991), held that a financing contract for the state’s Department of Ecology did not create debt within the meaning of Article VIII, Section 1, of the Constitution.

By Resolution No. 987, adopted on October 7, 2003, the Committee authorized and approved the execution and delivery of certificates of participation (including the Certificates) in series from time to time in payments to be made by the state pursuant to master financing contracts and/or master financing leases. The Committee also approved the forms of the Trust Agreement, the Master Financing Agreements, the Agency Financing Agreements, the Site Leases and the Master Assignments and authorized and approved the execution and delivery thereof in connection with each series of certificates of participation. On September 9, 2011, the Committee approved a Finance Plan under which the aggregate principal amount of financing contracts (including certificates of participation therein) of the state to be outstanding in the 2011-2013 Biennium was set at $1,425,000,000, plus financing expenses and required reserves, including certificates expected to be issued to finance acquisition and construction of real estate and equipment for state agencies and local governments.

The Legislature authorized the state Department of Social and Health Services to enter into its State Agency Financing Lease Addendum pursuant to Chapter 48, Laws of 2011, 1st Sp. Sess., Section 7011(4). The Legislature authorized the State Board for Community and Technical Colleges to enter into its State Agency Financing Lease Addendum on behalf of Wenatchee Valley College pursuant to Chapter 48, Laws of 2011, 1st Sp. Sess., Section 7011(1)(f). The Board of County Commissioners of San Juan County, Washington, approved its Local Agency Financing Lease by Resolution No. 37-2011, adopted September 13, 2011. The City Council of the City of Grandview, Washington, approved its Local Agency Financing Lease by Ordinance No. 2011-17, passed August 23, 2011. Agency Financing Contracts for the acquisition of personal property are being entered into by the State Agencies under the general provisions of the Act and by Local Agencies under approving ordinances or resolutions passed or adopted pursuant to applicable state law.

**Payment of Principal and Interest**

The Certificates represent undivided proportionate interests in State Payments to be made by the state pursuant to the Master Financing Agreements. The Certificates are to be dated as of their date of initial delivery. The principal components of the State Payments (the “Principal Components”) evidenced and represented by the Certificates will be payable on the dates (each a “Principal Payment Date”) and in the amounts as shown on page i. The Certificates are to be executed and delivered as fully registered certificates without coupons in denominations of $5,000 and any integral multiple thereof.

The interest components of State Payments (the “Interest Components”) evidenced and represented by the Certificates will be payable semiannually on January 1 and July 1 of each year (each an “Interest Payment Date” and together with Principal Payment Dates, the “Certificate Payment Dates”), beginning on July 1, 2012, at the rates shown on page i of this Official Statement. Such interest is to be computed using a 360-day year comprised of 12 30-day months.

Pursuant to authority granted in chapter 43.80 RCW, the Committee appoints one or more fiscal agents with the authority to act as paying agent, transfer agent, authenticating agent and bond registrar for all obligations issued by the state and its political subdivisions. The fiscal agent appointed by the Committee from time to time is referred to herein as the “Fiscal Agent.” The Committee currently has a contract with The Bank of New York Mellon to act as the Fiscal Agent for a term that began February 1, 2007, and continues to January 31, 2015. Under the terms of the current fiscal agency contract, The Bank of New York Mellon is to authenticate the Certificates for delivery to The Depository Trust Company (“DTC”)
and remit to DTC payments received from the state as principal and interest represented by the Certificates.

When issued, the Certificates are to be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee of DTC. DTC will act as securities depository for the Certificates. Individual purchases of Certificates are to be made only in book-entry form through DTC. See “Book-Entry System” below and Appendix E—“DTC AND ITS BOOK-ENTRY SYSTEM.”

If at any time the Certificates are not in book-entry form, payment of the Interest Component evidenced and represented by each Certificate is to be made on each Interest Payment Date to and including the Principal Payment Date or Prepayment Date to the person whose name appears on the Certificate Register as the Owner thereof as of the close of business on the 15th day of the month immediately preceding each Interest Payment Date and Principal Payment Date (the “Record Date”), such interest to be paid by check or draft mailed by first class mail on such Interest Payment Date to such Owner at the address as it appears on such Certificate Register. Payment of the Principal Component or Prepayment Price evidenced and represented by each Certificate is to be made upon presentation and surrender thereof by the Owner at the Principal Office of the Fiscal Agent.

Prepayment

Optional Prepayment. The Certificates with Principal Payment Dates on and after January 1, 2023, are subject to optional prepayment prior to their respective Principal Payment Dates, as a whole or in part in Authorized Denominations on any date on or after January 1, 2022, upon the exercise by the state at the direction of any Agency of its option to prepay the Principal Components evidenced and represented by such Certificates, at the Prepayment Price (expressed as a percentage of the Principal Components prepaid) of 100 percent plus accrued interest, if any, evidenced and represented thereby to the Prepayment Date.

Extraordinary Mandatory Prepayment. The Certificates are subject to mandatory prepayment on any date prior to their respective Principal Payment Dates, as a whole, or in part in Authorized Denominations, upon certain governmental takings, loss of title and casualty loss to Property that result in prepayments of Financing Leases, deposited in the Prepayment Account in the amount of the Principal Component evidenced and represented thereby being prepaid, plus accrued interest, if any, evidenced and represented thereby to the Prepayment Date, without premium.

Mandatory Prepayment. The Certificates with a Principal Payment Date of January 1, 2032 (the “Term Certificates”), are subject to mandatory prepayment prior to their stated Principal Payment Date, in part in Authorized Denominations, from State Payments in the amount of the Principal Component evidenced and represented thereby being prepaid, plus accrued interest evidenced and represented thereby to the Prepayment Date, without premium, as follows:
2032 Term Certificates

<table>
<thead>
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<th>Mandatory Prepayment Date</th>
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<tbody>
<tr>
<td>January 1, 2030</td>
<td>$770,000</td>
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<tr>
<td>January 1, 2031</td>
<td>795,000</td>
</tr>
<tr>
<td>January 1, 2032*</td>
<td>825,000</td>
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* Principal Payment Date.

Selection of Certificates for Prepayment. If the Certificates are in book-entry form at the time of prepayment, and less than all of the State Payments are being prepaid, the Fiscal Agent is to direct DTC to instruct the DTC Participants to select such Certificates for prepayment pro rata among all beneficial owners of the Principal Payment Date being prepaid. Neither the state nor the Fiscal Agent will have responsibility to insure that DTC or its participants properly select such Certificates for prepayment. If the Certificates are not then in book-entry form at the time of prepayment, the Fiscal Agent is to select such Certificates for prepayment randomly to the greatest extent possible, subject to maintaining the Certificates in Authorized Denominations.

Notice of Prepayment. Notice of prepayment is required to be given by the Fiscal Agent not less than 30 nor more than 60 days prior to the Prepayment Date, to the Treasurer, the Owner of each Certificate affected at the address shown on the Certificate Register on the date such notice is mailed, the Securities Depository and the Municipal Securities Rulemaking Board (the “MSRB”). Each notice of prepayment must state the date of such notice, the date of execution and delivery of the Certificates, the Prepayment Date, the Prepayment Prices, the place or places of prepayment (including the name and appropriate address or addresses of the Fiscal Agent), the CUSIP number of the Certificates being prepaid, the source of the funds to be used for such prepayment, the Principal Component due and evidenced and represented by the Certificates, the distinctive certificate numbers of the Certificates or portions thereof to be prepaid, the rate or rates of interest evidenced and represented by the Certificates to be prepaid, and the Principal Payment Dates of the Certificates to be prepaid. The notice also must state that the interest evidenced and represented by the Certificates designated for prepayment will cease to accrue from and after such Prepayment Date, and that on said date there will become due and payable with respect to each of the prepaid Certificates the Prepayment Price of the Certificate to be prepaid, and interest, if any, accrued thereon to the Prepayment Date. Such notice must require that such Certificates be then surrendered at the address or addresses of the Fiscal Agent specified in the prepayment notice.

With respect to any notice of optional prepayment of Certificates, unless such Certificates are to be deemed to have been paid as set forth in the defeasance provisions of the Trust Agreement or unless the Fiscal Agent has cash or Government Obligations sufficient to pay the Prepayment Price, such notice may state that such prepayment shall be conditional upon the receipt by the Fiscal Agent on or prior to the date fixed for such prepayment of money sufficient to pay the Prepayment Price due evidenced and represented by such Certificates and interest payable with respect thereto, and that if such money is not so received the notice would be of no force and effect and the Fiscal Agent would not be required to prepay such Certificates. In the event that such notice of prepayment contains such a condition and such money is not so received, the prepayment would not be required to be made and the Fiscal Agent would be required within a reasonable time thereafter to give notice, in the manner in which the notice of prepayment was given, that such money was not so received.

Partial Prepayment. Upon surrender of any Certificate prepaid in part only, the Fiscal Agent is required to provide a replacement Certificate or Certificates evidencing and representing a principal amount equal to the portion of the Principal Component evidenced and represented by such Certificate not prepaid, and
deliver it to the Owner thereof. The Certificate so surrendered is required to be cancelled by the Fiscal Agent.

**Book-Entry System**

When issued, the Certificates will be registered in the name of Cede & Co. (or such other name as may be requested by an authorized representative of DTC), as nominee of DTC. DTC will act as Securities Depository for the Certificates. Individual purchases are to be made only in book-entry form through DTC, and purchasers will not receive physical certificates representing their interest in the Certificates purchased. For information about DTC and its book-entry system, see Appendix E—“DTC AND ITS BOOK-ENTRY SYSTEM.”

**Termination of Book-Entry System**

If DTC resigns as the securities depository and no substitute can be obtained, or if the state determines that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificates, the ownership of the Certificates will be transferred to any person as described in the Trust Agreement and the Certificates will no longer be held in fully immobilized form. New certificates then will be issued in Authorized Denominations and registered in the names of the beneficial owners. See Appendix E—“DTC AND ITS BOOK-ENTRY SYSTEM.”

**State and Fiscal Agent Responsibilities**

Neither the state nor the Fiscal Agent will have any responsibility or any liability to beneficial owners for any error, omission, action, or failure to act on the part of DTC or any Direct Participant or Indirect Participant of DTC with respect to the following: (1) proper recording of beneficial ownership interests of the Certificates or confirmation of their ownership interest; (2) proper transfers of such beneficial ownership interests; (3) the payment, when due, to the beneficial owners of principal or Prepayment Price or interest evidenced and represented by the Certificates; (4) any notices to beneficial owners; (5) any consent given; or (6) any other DTC or Participant error, omission, action or failure to act pertaining to the Certificates.

**Defeasance**

The Trust Agreement provides that if money and/or “Government Obligations” maturing at such times and bearing interest to be earned thereon in amounts sufficient to prepay the principal and interest evidenced and represented by any or all of the Certificates in accordance with their terms and the terms of the Trust Agreement and the Master Financing Agreements are set aside irrevocably in a special trust account to effect such prepayment and are pledged for such purpose, then no further payments are required to be made to pay or secure the payment of such principal and interest evidenced and represented by such Certificates, and such Certificates are to be deemed thereafter not to be outstanding. See Appendix B—“DEFINITIONS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS.”
SOURCES AND USES OF CERTIFICATE PROCEEDS

The following table shows the sources and uses of Certificate proceeds:

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<td><strong>Total Sources</strong></td>
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<td><strong>Uses</strong></td>
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<tr>
<td>Deposit to Project Fund (Real Property)</td>
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<td>Deposit to Acquisition Fund (Personal Property)</td>
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<td>Deposit to Agency Rent/Installment Payment Funds</td>
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<td>Costs of Issuance (1)</td>
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<tr>
<td>Underwriting Spread</td>
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<td><strong>Total Uses</strong></td>
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(1) Includes fees for services of the rating agency, financial advisor, certificate counsel and disclosure counsel, and other costs.

PRINCIPAL PARTICIPATING AGENCIES

A complete listing of the Agencies and their respective real and personal property being financed is shown at page ii under the heading “PARTICIPATING AGENCIES.” The Agencies for which the acquisition or construction of real property is being financed and their respective projects are further described below.

State Agency – Department of Social and Health Services

*The Project.* The Department of Social and Health Services (“DSHS”) is funding renovations and improvements to facilities to be used to house juveniles with mental disabilities and behavioral issues. Construction commenced in September 2011 and completion is scheduled for November 2012. The total cost of the project is estimated at $15,850,000, of which $2,000,000 is funded by state appropriations and $5,350,000 from agency operating funds. Proceeds of the Certificates will provide $8,500,000 to complete the funding for the projects. The financing contract will have a 20-year term.

*The State Agency.* DSHS is the State’s largest agency, serving nearly a third of the state’s population, and providing a range of medical and behavioral health care, juvenile rehabilitation, child protective, food assistance, and other services. DSHS is administered by a Secretary, who is appointed by the Governor. The current Secretary is Susan N. Dreyfus, who was appointed in May 2009. DSHS’s 2011-13 biennial budget is $21.3 billion, including $8.8 billion in General Fund-State dollars. DSHS has approximately 17,000 full-time equivalent (“FTE”) employees.

State Agency – State Board for Community and Technical Colleges

*The Project.* The State Board for Community and Technical Colleges, on behalf of Wenatchee Valley College, is constructing a music hall and art center to be used for art instruction, an art gallery and a recital hall. Construction commenced in July 2011 and completion is scheduled for July 2012. The total cost of the project is estimated at $9,200,000, of which $2,000,000 is funded by state appropriations and
$4,500,000 from college reserves and donations. Proceeds of the Certificates will provide $2,700,000 to complete funding for the project. The financing contract will have a 20-year term.

The State Agency. In 1967, the Legislature created a system of state-funded community colleges in Washington and established a State Board of Community College Education, with members appointed by the Governor. In 1991, the Legislature made significant changes to the community college system and the title of the board was changed to the State Board for Community and Technical Colleges (the “State Board”).

The State Board’s primary responsibilities are to submit single system operating and capital budget requests to the Governor and the Legislature, to represent the community and technical colleges on state-level policy issues, to allocate funds to the colleges, to provide research and information about the community and technical college system, and to provide policy guidance to the colleges.

The State Board’s activities are administered by an executive director, who is appointed by the State Board. The State Board received state funding appropriations of $216,346,000 for the 2011-2013 biennium, and has approximately 38 FTE employees.

Wenatchee Valley College. Wenatchee Valley College is a two-year public college that offers degrees and certificates in academic and professional-technical programs, as well as courses in continuing education and developmental education. The college began operation in 1941 and serves Chelan, Douglas and Okanogan counties. The college has approximately 73 full-time faculty and 162 part-time faculty. The student population is approximately 8,000 full- and part-time students annually.

Local Agency – City of Grandview

The Project. The City of Grandview (the “City”) is acquiring a joint interest in a library to be jointly owned and occupied by Yakima Valley Community College and the City. Construction of the project has been completed. The total cost of the library project is estimated at $4,000,000, of which $2,000,000 was from state appropriation and $1,250,000 was from donations, grants, college funds and federal funds obtained cooperatively between the college and the City. Proceeds of the Certificates will provide $750,000 to complete the City’s share of funding for the project. The financing contract will have a 20-year term.

The Local Agency. The City is in Yakima County, in central Washington, and was incorporated in 1909. The City has approximately 10,920 residents and operates under a mayor-council form of government, with a seven-member council and an elected mayor.

Local Agency – San Juan County

The Project. San Juan County (the “County”) renovated and developed park improvements, including water system improvements and restroom facility rehabilitation. Construction was completed in August 2011. Proceeds of the Certificates will provide $120,000 to reimburse the County for a portion of the project costs. The financing contract will have a 10-year term.

The Local Agency. The County is located in the northwest corner of the State and was established in 1873. It encompasses approximately 175 square miles of islands, and has 15,769 residents. The County has operated under a Home Rule Charter since January 2006 and is governed by a six-member County Council and is administered by a County Administrator.
SECURITY FOR THE CERTIFICATES

State Payments

The Certificates represent undivided proportionate interests in State Payments. Pursuant to the Master Financing Agreements, the Corporation will lease or sell the Property to the state. In consideration thereof, the state is required to make State Payments to the Fiscal Agent, as assignee of the Corporation, during the terms of the Master Financing Agreements. State Payments are composed of Principal Components and/or Interest Components. State Payments are due on each Certificate Payment Date.

Except as otherwise described below, State Payments due from the state under the Master Financing Agreements are payable solely from Agency Payments to be made by the respective Agencies pursuant to the related Agency Financing Agreements. The total of the Agency Payments payable by the participating Agencies on each Agency Payment Date pursuant to the Agency Financing Agreements is at least equal to the State Payment payable by the state pursuant to the Master Financing Agreements on the next succeeding Base Rent Payment Date and Installment Payment Date. Agency Payments are due one month prior to the corresponding Base Rent Payment Date and Installment Payment Date.

Pursuant to the Master Assignments, the Corporation is assigning and transferring to the Fiscal Agent, without recourse, all of its rights to receive the State Payments; its right to take all actions, exercise all remedies and give all consents under and pursuant to the Master Financing Agreements; and all of its remaining right, title and interest in, to and under the Master Financing Agreements, the Site Leases and the Agency Financing Agreements, and in and to the Property.

State Intercept

If any Local Agency fails to make any Agency Payment due under its Agency Financing Agreement, the Treasurer is obligated pursuant to the related Master Financing Agreement to withhold an amount sufficient to make that payment from the Local Agency’s share, if any, of state revenues or other amounts that are authorized or required by law to be distributed by the state to that Local Agency, including but not limited to leasehold excise taxes, sales and use taxes, excise taxes, property taxes and liquor control board receipts; provided, that the use of any such revenues or amounts to make the payments is otherwise authorized or permitted by state law. This withholding will continue until all payments due under the related Agency Financing Agreement have been made. Amounts withheld by the Treasurer are to be applied to make any payment due under the related Agency Financing Agreement on behalf of the Local Agency, or to reimburse the Treasurer for any payment made by the Treasurer.

THERE CAN BE NO ASSURANCE AS TO THE AVAILABILITY OF FUNDS FOR INTERCEPT BY THE TREASURER WITH RESPECT TO ANY LOCAL AGENCY UPON THE LOCAL AGENCY’S FAILURE TO MAKE ANY AGENCY PAYMENT PURSUANT TO ITS AGENCY FINANCING AGREEMENT.

Payment History

The principal and interest represented by certificates of participation in lease or other payment obligations that are payable by the state have always been paid when due. The state never has failed to appropriate funds to meet its lease, installment sale or other payment obligations with respect to outstanding certificates of participation. No local agency has failed to make its lease, installment sale or other payment obligations with respect to agency financing contracts or agency financing leases with the state in respect of outstanding certificates of participation.
Conditional State Payment Obligations

If any Local Agency fails to make any Agency Payment due under its Agency Financing Agreement, the Treasurer is obligated, to the extent of legally available appropriated funds and subject to any Executive Order reduction, to make such payment on behalf of such Local Agency within 10 Business Days after the Agency Payment was due.

The Treasurer currently has appropriation authority sufficient to make any such payments that may come due within the current biennium. The Treasurer has covenanted in the Master Financing Agreements to include in its biennial budget all scheduled Agency Payments due during such biennium pursuant to any Agency Financing Agreement with a Local Agency, and to use its best efforts to obtain appropriations by the Legislature in amounts sufficient to make any such payments.

Limited Obligation of State

THE MASTER FINANCING AGREEMENTS, INCLUDING THE RELATED STATE AGENCY FINANCING ADDENDA AND STATE AGENCY FINANCING LEASE ADDENDA, CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE STATE PAYABLE SOLELY FROM THE SOURCES AND SUBJECT TO THE LIMITATIONS SET FORTH THEREIN. NONE OF THE STATE PAYMENTS, THE AGENCY PAYMENTS OR THE CERTIFICATES CONSTITUTE OR REPRESENT DEBT OR GENERAL OBLIGATIONS OF THE STATE OR ANY STATE AGENCY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR OF ANY STATE AGENCY IS PLEDGED TO THE PAYMENT OF ANY STATE PAYMENTS OR AGENCY PAYMENTS OR THE PRINCIPAL OR INTEREST EVIDENCED AND REPRESENTED BY THE CERTIFICATES. THE STATE WILL NOT BE OBLIGATED TO PAY THE SAME EXCEPT FROM AGENCY PAYMENTS AND OTHER AMOUNTS AS PROVIDED IN THE MASTER FINANCING AGREEMENTS.

Non-appropriation and Executive Order Reduction

ANY PAYMENTS BY THE TREASURER ON BEHALF OF A LOCAL AGENCY AND ANY PAYMENTS BY A STATE AGENCY ARE SUBJECT TO APPROPRIATION BY THE LEGISLATURE AND EXECUTIVE ORDER REDUCTION BY THE GOVERNOR. A DETERMINATION BY THE LEGISLATURE NOT TO APPROPRIATE, OR ANY EXECUTIVE ORDER REDUCTION BY THE GOVERNOR, WOULD NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE TRUST AGREEMENT, THE MASTER FINANCING AGREEMENTS OR ANY STATE AGENCY FINANCING ADDENDA OR ANY STATE AGENCY FINANCING LEASE ADDENDA.

An appropriation from the state General Fund to a State Agency for its operating budget (including Agency Payments under any Financing Lease or Agency Financing Contract) is made by the Legislature in an aggregate dollar amount and not specifically for each item in the State Agency’s budget. In reducing budgeted expenditures to reflect reduced allotments of appropriations from the state General Fund in response to the Executive Order, a State Agency may choose to reduce its expenditures for certain purposes but not for others. Each State Agency in its Financing Lease or Agency Financing Contract covenants to use its best efforts to obtain allotments by the Office of Financial Management of appropriated funds sufficient to make all required Agency Payments thereunder, and, to the extent permitted by law, the State Agency agrees that, to the extent that any amounts are included in its budget for purposes or facilities served, or functions or operations supported or provided by Property acquired under a Financing Lease or Agency Financing Contract, the State Agency will allocate a sufficient portion of such amounts to the payment of the Agency Payments due under its Financing Lease or Agency.
Permitted Termination Events

Under each State Agency Financing Addendum or State Agency Financing Lease Addendum, each of the following constitutes a “Permitted Termination Event”:

(1) the Legislature determines not to appropriate sufficient funds within any biennial budget for the purpose of paying the Agency Payments due during the next occurring biennium, or

(2) the Governor issues an Executive Order mandating an emergency reduction in state funding; provided, that the State Agency delivers written notice thereof to the Treasurer as required by the State Agency Financing Addendum or State Agency Financing Lease Addendum.

Upon a Permitted Termination Event, subject to the provisions of the Master Financing Agreements, State Agency Financing Addenda and the State Agency Financing Lease Addenda, the state may terminate a State Agency Financing Addendum or State Agency Financing Lease Addendum and the related obligation of the Treasurer under the Master Financing Agreements.

The occurrence of a Permitted Termination Event does not constitute an Agency Event of Default, a Master Financing Agreement Event of Default or an Event of Default, and remedies of re-entry and re-leasing of the Real Property during the term of the related Site Lease and the return of the Personal Property are the sole remedies available to the Treasurer and the Corporation upon such occurrence. See “Master Financing Lease—Permitted Termination Events,” “Master Financing Contract—Permitted Termination Events,” “Financing Leases—Permitted Termination Events” and “Financing Contracts—Permitted Termination Events” in Appendix B.

Agency Payments

Pursuant to each Agency Financing Agreement, the Agency is required to make its Agency Payments to the state with respect to its Property. Agency Payments are composed of principal and interest components and are payable, during the term of the applicable Agency Financing Agreement, on the first day of each month immediately preceding the related Certificate Payment Date. The Agency Payments in the aggregate are at least equal to the corresponding State Payment.

Each State Agency has covenanted in its Agency Financing Agreement to take such action as may be necessary to include all of its Agency Payments due thereunder in its biennial budget and to use its best efforts to obtain appropriations by the Legislature in amounts sufficient to make all such Agency Payments.

Each Local Agency has covenanted in its Agency Financing Agreement to take such action as may be necessary to include all of its Agency Payments due thereunder in its annual budget and to make the necessary annual appropriations for all such Agency Payments. The obligation of each Local Agency to make its Agency Payments is a direct and general obligation of the Local Agency to which the full faith and credit of such Local Agency is pledged. Each Local Agency executing an Agency Financing Agreement has covenanted and agreed that it will levy taxes, to the extent permitted by law, in such amounts and at such times necessary, within and as a part of the tax levy permitted to the Local Agency.
without a vote of its electors, to provide funds, together with other money legally available for that purpose, to make its Agency Payments.

**Substitution of Real Property**

Under the Master Financing Lease and the corresponding provisions of the Financing Leases, the Treasurer may substitute and consent to the substitution, for a parcel of Property, of another parcel or parcels of real property by first filing with the Fiscal Agent, as Assignee of the Corporation:

1. an Opinion of Counsel to the effect that such substitution (a) is permitted under the Master Financing Lease and (b) in and of itself, will not adversely effect the exclusion from gross income for federal income tax purposes of the Interest Component of the Certificates;

2. an appraisal or other written evidence from an independent, disinterested real property appraiser acceptable to the Treasurer and the Fiscal Agent to the effect that such substitute Property has an estimated fair rental value for the remaining term of the respective Financing Lease equal to or greater than the Agency Rent Payments due thereunder from time to time thereafter;

3. a certificate of the Agency to the effect that such substitute Property is free and clear of any mortgages, deeds of trust, liens, or other similar encumbrances, other than Permitted Encumbrances, and is essential to the Agency’s ability to carry out its governmental functions and responsibilities; and

4. written evidence from each Rating Agency then rating the Certificates that such substitution, in and of itself, will not result in the suspension, reduction or withdrawal of any ratings on the Certificates by such Rating Agency.

**Release of Real Property**

Under the Master Financing Lease and corresponding provisions of the Financing Leases, the Treasurer may release and consent to the release of a portion of the Property leased under any Site Lease, and subleased under and pursuant to the Master Financing Lease and the related Financing Lease, by first filing with the Fiscal Agent, as assignee of the Corporation:

1. an Opinion of Counsel to the effect that such release (a) is permitted under the Master Financing Lease, and (b) in and of itself, will not adversely effect the exclusion from gross income for federal income tax purposes of the Interest Component of the Certificates;

2. an appraisal or other written evidence from an independent, disinterested real property appraiser acceptable to the Treasurer and the Fiscal Agent to the effect that the remaining portion of the Property has an estimated fair rental value for the remaining term of the respective Financing Lease equal to or greater than the Agency Rent Payments due from time to time thereunder;

3. provision by such Agency of any necessary easements, reciprocal agreements or other rights as may be necessary to provide comparable pedestrian and vehicular access, and other uses and amenities (including but not limited to water, sewer, electrical, gas, telephone, and other utilities) as existed prior to such release; and

4. written evidence from each Rating Agency then rating the Certificates that such release, in and of itself, will not result in the suspension, reduction or withdrawal of any ratings on the Certificates by such Rating Agency.
Substitution of Personal Property

Under the Master Financing Contract and the corresponding provisions of the Agency Financing Contracts, the Treasurer may substitute and consent to the substitution for an item of Property acquired for and on behalf of an Agency of other personal property by filing with the Fiscal Agent, as assignee of the Corporation:

(1) a certificate of such Agency stating that such substitute Property:
   (a) has a remaining useful life equal to or greater than the Property for which it is being substituted;
   (b) has a fair market value equal to or greater than the fair market value of the item of Property for which it is being substituted;
   (c) is free and clear of all liens and encumbrances except a first priority security interest in favor of the Fiscal Agent, as assignee of the Corporation, under the Master Financing Contract;
   (d) is of equal usefulness and value as the Property for which it is being substituted;
   (e) is essential to the Agency’s ability to carry out its governmental functions and responsibilities; and
   (f) is expected to be used by such Agency immediately and for the term of its Agency Financing Contract; and

(2) an Opinion of Counsel to the effect that the substitution will not cause the interest evidenced and represented by the Certificates to be includable in gross income for federal income tax purposes under the Code.

State Payments and Agency Payments Not Subject to Abatement

The State Payments payable by the state pursuant to the Master Financing Agreements, and the Agency Payments payable by the respective Agency pursuant to the Agency Financing Agreements, are not subject to abatement upon damage to or destruction of any of the Property, nor are such payments otherwise subject to diminution, reduction, postponement, counterclaim, defense, or set-off as a result of any dispute, claim or right of action by, against or among the state, the Corporation, the Fiscal Agent, any Agency, and/or any other Person, or for any other reason.

Acceleration

The Certificates may be subject to acceleration upon the occurrence of an Event of Default under the Master Financing Leases. However, the Certificates are not subject to acceleration upon the occurrence of an Agency Event of Default under any related Agency Financing Agreement. See Appendix B—“DEFINITIONS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS.”

Limitations on Exercise of Remedies

Real Property. Upon the occurrence of an Event of Default under the Master Financing Lease or the Financing Leases, the Fiscal Agent, as assignee of the Corporation, may pursue any available legal or
equitable remedy, which may include suing for rent as the same becomes due or re-entering the Real Property for the benefit of the owners of the Certificates, and terminating the Master Financing Lease or the Financing Leases, as appropriate, and accelerating the unpaid rent or suing for damages.

The remedies provided in the Master Financing Lease, the Financing Leases and/or the Trust Agreement, however, may be unenforceable under certain circumstances due to the application of principles of equity to state or federal laws relating to bankruptcy, moratorium, reorganization, and creditors’ rights generally and to limitations on remedies against the state and the Agencies under the laws of the state. Moreover, due to the essential governmental nature of the Real Property or portions thereof, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto. In addition, the enforcement of remedies provided in the Master Financing Lease, the Financing Leases and the Trust Agreement could provide both expensive and time-consuming. In any event, although the Fiscal Agent has the right, upon the occurrence of an Event of Default or an Agency Event of Default, to re-enter and re-let the applicable Real Property, it is unknown whether any such re-entry, re-letting or other disposition would result in the collection of amounts sufficient to make the related Agency Rent Payments. Moreover, the Fiscal Agent would not be obligated to re-let the Real Property in the manner so as to preserve the tax-exempt nature of interest represented by the Certificates.

**Personal Property.** Upon the occurrence of an Event of Default under the Master Financing Contract, the Fiscal Agent, as assignee of the Corporation, may pursue any available legal or equitable remedy against the state, which may include suing for Installment Payments then due and thereafter becoming due, or enforcing the observance or performance of any covenant, agreement or obligation of the state under the Master Financing Contract. Also, by written notice to the state, the Fiscal Agent may request the state to promptly return the item or items of Personal Property with respect to which such default occurred to the Fiscal Agent in good condition at the state’s own expense. The state has covenanted in the Master Financing Contract to comply with such request.

Upon the occurrence of an Agency Event of Default under an Agency Financing Contract, the Fiscal Agent may pursue any available legal or equitable remedy against the related Agency, which may include suing for Agency Installment Payments then due and thereafter becoming due, or enforcing the observance or performance of any covenant, agreement or obligation of the Agency under the Master Financing Contract. Also, by written notice to the Agency, the Fiscal Agent may request the Agency to promptly return the item or items of Personal Property with respect to which such default occurred to the Treasurer in good condition at the Agency’s own expense. In addition, the Fiscal Agent may declare an amount equal to all unpaid Agency Installment Payments to become due and payable under the Agency Financing Contract, including but not limited to the Agency Interest Components accrued and unpaid, to be immediately due and payable without further demand. However, the Fiscal Agent’s remedies against the state upon the occurrence of an Agency Event of Default are limited to requiring the state to assemble the Personal Property and make it available to the Fiscal Agent.

The remedies provided in the Master Financing Contract, the Agency Financing Contracts and/or the Trust Agreement may be unenforceable under certain circumstances due to the application of principles of equity to state or federal laws relating to bankruptcy, moratorium, reorganization, and creditors’ rights generally and to limitations on remedies against the state and the Agencies under the laws of the state of Washington. Moreover, due to the essential governmental nature of the Personal Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-sale of the Personal Property. In addition, the enforcement of remedies provided in the Master Financing Contract, the Agency Financing Contracts and the Trust Agreement could prove both expensive and time consuming. In any event, although the Fiscal Agent has the right, upon the occurrence of an Event of Default or an Agency Event of Default, to repossess and re-sell the applicable Personal Property, it is unknown whether such actions would result in the collection of amounts sufficient to make the related
Agency Installment Payments. Moreover, the Fiscal Agent would not be obligated to re-sell the Personal Property in a manner so as to preserve the tax-exempt nature of interest represented by the Certificates.

**Additional Certificates**

Each Agency may make additions or improvements to or alterations of the applicable Project so long as such additional improvements are constructed and installed in accordance with applicable laws and regulations and do not diminish the value or usefulness of the Real Property.

The Treasurer may enter into additional Master Financing Leases with the Corporation to finance all or any portion of the costs of such additions or improvements so long as such leases do not reduce the obligation of the state to make Base Rent Payments under the Master Financing Lease and will not, in the opinion of Certificate Counsel, adversely affect the tax-exempt status of the Interest Component of State Payments evidenced and represented by the Certificates. If the Treasurer enters into any additional Master Financing Lease for this purpose, the Corporation may be granted an interest in the Real Property under an additional Site Lease of all or any portion of the Real Property, which leasehold interest may be assigned to the Fiscal Agent for the benefit of owners of certificates of participation in such additional Master Financing Lease. The owners of certificates of participation in any additional Master Financing Lease will be secured proportionally, without preference, with the Owners with respect to any payments received by the Fiscal Agent in regards to the Real Property following the occurrence of an Event of Default or Permitted Termination Event.

The state may issue additional certificates of participation for other real and personal property by state and local agencies subject to the maximum authorized as described under “THE CERTIFICATES—Authorization.”

**WASHINGTON FINANCE OFFICERS ASSOCIATION**

The Washington Finance Officers Association is a Washington nonprofit corporation the members of which consist of state and local government finance officials in the state. The Corporation was formed primarily for educational purposes, including promoting the improvement of government finance in the state. The Corporation acts as the nominal purchaser, seller, lessee, and sublessor in connection with various certificate of participation financings undertaken by the Treasurer for the benefit of the state and local government agencies. In connection with the Certificates, the Corporation is acting as the lessee under each Site Lease, as lessor under the Master Financing Lease, as original purchaser of the Personal Property and as seller under the Master Financing Contract. As of the closing, the Corporation will irrevocably assign and transfer all of its right, title and interest in and to the Site Leases, the Master Financing Agreements and the Agency Financing Agreements, and thereafter will have no rights or interest with respect to the Certificates, the Projects, the Property, the Master Financing Agreements, the Agency Financing Agreements, or the Site Leases. The Corporation has not participated in the preparation of this Official Statement and is not responsible for any of the statements or information herein.

**FINANCIAL STATEMENTS**

Audited basic financial statements for the state for the Fiscal Year ended June 30, 2010, are included as Appendix D. These statements have been audited by the Auditor, an independent elected state official. As described under “CONTINUING DISCLOSURE UNDERTAKING,” the state is obligated to provide its audited financial statements to the Municipal Securities Rulemaking Board. In an effort to provide more timely reporting, the state successfully released its Fiscal Year 2010 audited financial statements within 150 days of the fiscal year-end.
ECONOMIC AND REVENUE FORECASTS

Revenue, budgetary and economic information concerning the state government and Washington as a whole is contained in Appendix A—“GENERAL AND ECONOMIC INFORMATION.” Pursuant to state law, the Office of Economic and Revenue Forecast Council (the “Forecast Council”) provides state economic and revenue results and forecasts on a quarterly basis, generally in each March (February in even-numbered years), June, September and November. The Forecast Council’s next economic and revenue forecast is scheduled to be released on or about November 17, 2011. As described in Appendix A, state law requires that state budgets and any necessary budgetary actions of the Governor during a fiscal period be based upon the Forecast Council’s official economic and revenue forecasts. The Forecast Council’s most recent forecast was released in September 2011, and that forecast is summarized in Appendix A. The Forecast Council also provides monthly updates of certain other information, including estimates of collections. In addition, the state prepares transportation forecasts, including forecasts of motor vehicle fuel excise tax collections, and forecasts about the state’s entitlement caseloads. See Appendix A—“GENERAL FUND—General Fund—State Operating Budget” for a discussion of various actions and proposals to address the reduction in state revenue resulting from the continued economic downturn.

LITIGATION

Based on an inquiry from the Attorney General’s Office, there is no litigation now pending against the state in any way restraining or enjoining the sale, issuance or delivery of the Certificates, or in any manner challenging the validity of the Certificates, the security for the Certificates or the proceedings or authority pursuant to which they are to be sold and issued or the collection or application of any money pledged for the payment of the Certificates.

The state and its agencies are parties to routine legal proceedings that normally occur as a consequence of regular governmental operations. At any given point, there are lawsuits involving state agencies that could, depending on the outcome of the litigation or the terms of a settlement agreement, impact the state’s or such agencies’ budgets and expenditures to one degree or another. Some of these lawsuits are discussed in Appendix A and Appendix D. The state operates a self-insurance liability program for third-party claims against the state for injuries and property damage and purchases a limited amount of commercial insurance for these claims. The state maintains a risk management fund and is permitted to reserve up to 50 percent of total outstanding and actuarially determined liabilities. See Notes 7.E, 10 and 13.B in Appendix D—“THE STATE’S 2010 AUDITED BASIC FINANCIAL STATEMENTS” and “RISK MANAGEMENT” and “LITIGATION” in Appendix A—“GENERAL AND ECONOMIC INFORMATION.”

BALLOT MEASURES

Under the Constitution, the voters of the state have the ability to initiate legislation by initiative and to modify, approve or reject all or a part of recently existing statutes by referendum. Initiatives are new legislation proposed to the Legislature or for voter approval by petition of the voters. Referenda can be required on recently-enacted legislation through a petition of the voters, or a referendum on new legislation may be required by the Legislature itself. The Constitution may not be amended by initiative or referendum.

Any initiative or referendum approved by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the Legislature. After two years, the relevant statute is subject to
amendment or repeal by the Legislature by a simple majority vote. See “GENERAL FUND–Revenue and Expenditure Limitations” in Appendix A.

Initiatives. The Constitution requires an initiative petition to contain a number of signatures at least equal to 8 percent of all votes cast for Governor in the most recent gubernatorial election in the state. For 2011, the required number of signatures is 241,153. There are two types of initiatives: (1) initiatives to the people and (2) initiatives to the Legislature. Petitions for initiatives to the people must be filed not less than four months prior to the next state general election; for the November 2011 election petitions were due for certification on July 8, 2011. If certified to have sufficient signatures, initiatives to the people are submitted for a vote of the people at the next state general election. Petitions for initiatives to the Legislature must be filed not less than 10 days before the regular session of the Legislature; December 30, 2011, for the January 2012 regular session. If certified to have sufficient signatures, initiatives to the Legislature are submitted to the Legislature at its next regular session. The Legislature is required to either adopt the initiative, reject the initiative, or approve an alternative to the initiative. The latter two options require that the initiative or the initiative and the Legislature’s alternative be placed on the ballot.

By statute, the Secretary of State is charged with verifying signatures and certifying whether sufficient signatures have been gathered to meet the constitutional requirement. Interpretation of initiatives is left to judicial court review.

The following three initiatives have been certified for the November 8, 2011 election:

1. Initiative 1125 ("I-1125") apparently is intended to amend various statutes to achieve the following purposes, among others: (1) prohibit the use of motor vehicle fuel taxes and tolls “for non-highway purposes;” (2) restrict the use of toll revenue to the facility on which those tolls are collected; (3) require that the Legislature serve as the tolling authority for the state; (4) require legislative action prior to the imposition of, increase in, or adjustment of tolls on most tolled facilities; (5) require that tolls be uniform and consistent, with no variable pricing; (6) require that tolls be removed “after the cost of the project is paid;” and (7) require that tolls imposed and collected on the I-90 floating bridge across Lake Washington be used exclusively for facilities and improvements to I-90, and for purposes “consistent with the eighteenth amendment to the Washington Constitution.” (The Eighteenth Amendment to Washington’s Constitution requires that motor vehicle fuel taxes and motor vehicle excise taxes “be used exclusively for highway purposes.”)

2. Initiative 1163 would reinstate background checks, training and other requirements for long-term care workers and providers and would provide independent audits, increase fraud investigation, and cap administrative expenses for the long-term in-home care program.

3. Initiative 1183 would close state liquor stores and sell their assets. The state would license private parties to distribute spirits and sell spirits in retail stores and establish licensing fees for sale and distribution of spirits based on the licensee's sales revenues.

Effect of New Legislation on Debt. Under current state law, including Washington State Supreme Court decisions, later enacted legislation, including initiatives, cannot impair the state’s obligation or ability to comply with bond covenants and other similar contractual obligations in force prior to the effective date of that later enacted legislation.

Referenda. The Constitution requires a petition for referendum to contain a number of signatures at least equal to 4 percent of all votes cast for Governor in the most recent gubernatorial election in the state. For 2011, the required number of signatures is 120,577. There are two types of referenda: (1) referendum
measures and (2) referendum bills. Referendum measures are laws recently passed by the Legislature that are placed on the ballot because of petitions signed by voters. Referendum bills are proposed laws referred to the voters by the Legislature. See Appendix A “GENERAL FUND—Budget Stabilization Account” for a description of a referendum on the November 2011 election.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale by the state of the Certificates are subject to the delivery of the approving legal opinion of Foster Pepper PLLC, Certificate Counsel to the state (“Certificate Counsel”). The proposed form of the legal opinion of Certificate Counsel is attached hereto as Appendix C. The opinions of Certificate Counsel are given based on factual representations made to Certificate Counsel, and under existing law, as of the date of initial delivery of the Certificates, and Certificate Counsel assumes no obligation to revise or supplement its opinions to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinions of Certificate Counsel are an expression of its professional judgment on the matters expressly addressed in its opinions and do not constitute a guarantee of result. Certificate Council will be compensated only upon the issuance and sale of the Certificates.

TAX MATTERS

Exclusion from Gross Income. In the opinion of Certificate Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issue date of the Certificates, interest evidenced and represented by the Certificates will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

Continuing Requirements. The state is required to comply with certain requirements of the Code after the date of execution and delivery of the Certificates in order to maintain the exclusion of the interest evidenced and represented by the Certificates from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Certificate proceeds and the facilities financed or refinanced with Certificate proceeds, limitations on investing gross proceeds of the Certificates in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the Certificates. The state will covenant to comply with those requirements, but if the state fails to comply with those requirements, interest evidenced and represented by the Certificates could become taxable retroactive to the date of execution and delivery of the Certificates. Certificate Counsel has not undertaken and does not undertake to monitor the state’s compliance with such requirements.

Corporate Alternative Minimum Tax. While interest on the Certificates is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest on the Certificates, received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75 percent of the excess of the corporation’s adjusted current earnings (including any tax-exempt interest) over the corporation’s alternative minimum taxable income determined without regard to such increase. A corporation’s alternative minimum taxable income, so computed, that is in excess of an exemption of $40,000, which exemption will be reduced (but not below zero) by 25 percent of the amount by which the corporation’s alternative minimum taxable income exceeds $150,000, is then subject to a 20 percent minimum tax.
A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed $5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed $7,500,000.

**Tax on Certain Passive Investment Income of S Corporations.** Under Section 1375 of the Code, certain excess net passive investment income, including interest on the Certificates, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25 percent of the gross receipts of such S corporation is passive investment income.

**Foreign Branch Profits Tax.** Interest on the Certificates may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the Certificates are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

**Possible Consequences of Tax Compliance Audit.** The Internal Revenue Service (the “IRS”) has established a general audit program to determine whether issuers of tax-exempt obligations, such as the Certificates, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Certificate Counsel cannot predict whether the IRS would commence an audit of the Certificates. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Certificates could adversely affect the market value and liquidity of the Certificates until the audit is concluded, regardless of its ultimate outcome.

**Certificates Not “Qualified Tax-Exempt Obligations” for Financial Institutions.** Section 265 of the Code provides that 100 percent of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than $10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as “qualified tax-exempt obligations,” only 20 percent of any interest expense deduction allocable to those obligations will be disallowed.

The state is a governmental unit that, together with all subordinate entities, has issued more than $10,000,000 of tax-exempt obligations during the current calendar year and has not designated the Certificates as “qualified tax-exempt obligations” for purposes of the 80 percent financial institution interest expense deduction. Therefore, no interest expense of a financial institution allocable to the Certificates is deductible for federal income tax purposes.

**Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies.** Under Section 832 of the Code, interest evidenced and represented by the Certificates received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15 percent of tax-exempt interest received during the taxable year.

**Effect on Certain Social Security and Retirement Benefits.** Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest evidenced and represented by the Certificates into account in determining gross income.
**Other Possible Federal Tax Consequences.** Receipt of interest evidenced and represented by the Certificates may have other federal tax consequences as to which prospective purchasers of the Certificates may wish to consult their own tax advisors.

**Potential Future Federal Tax Law Changes.** From time to time, there are legislative proposals in Congress which, if enacted, could require changes in the description of federal tax matters relating to the Certificates set forth above or adversely affect the market value of the Certificates. For example, on September 12, 2011, the President submitted to Congress a legislative proposal entitled the “American Jobs Act of 2011” (the “Jobs Act”), certain provisions of which, if enacted as proposed, would result in federal income tax being imposed on a portion of the interest on tax-exempt bonds (including the Certificates) received in taxable years beginning on or after January 1, 2013, by taxpayers with incomes above certain thresholds specified in the Jobs Act. It cannot be predicted whether the Jobs Act will be enacted as proposed or other future legislation may be proposed or enacted that would affect the federal tax treatment of interest received on the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors regarding any proposed or pending legislation that would change the federal tax treatment of interest on the Certificates, including the provisions of the Jobs Act.

**Original Issue Discount.** The Certificates maturing in 2032 have been sold at a price reflecting original issue discount (“Discount Certificates”). Under existing law, the original issue discount in the selling price of each Discount Certificate, to the extent properly allocable to each owner of such Discount Certificate, is excluded from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Discount Certificate over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Discount Certificates of such maturity were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt Certificates accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Certificate during any accrual period generally equals (i) the issue price of such Discount Certificate plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Certificate during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Certificate. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Certificate will be treated as gain from the sale or exchange of such Discount Certificate.

Owners who purchase Discount Certificates in the initial public offering but at a price different from the first offering price at which a substantial amount of those Discount Certificates were sold to the public, or who do not purchase Discount Certificates in the initial public offering, should consult their own tax advisors with respect to the tax consequences of the ownership of such Discount Certificates. Owners of Discount Certificates who sell or otherwise dispose of such Discount Certificates prior to maturity should consult their own tax advisors with respect to the amount of original issue discount accrued over the period such Discount Certificates have been held and the amount of taxable gain or loss to be recognized upon that sale or other disposition of Discount Certificates. Owners of Discount Certificates also should consult their own tax advisors with respect to state and local tax consequences of owning such Discount Certificates.

**Original Issue Premium.** The Certificates maturing in 2013 through 2028, inclusive, have been sold at prices reflecting original issue premium (“Premium Certificates”). An amount equal to the excess of the purchase price of a Premium Certificate over its stated redemption price at maturity constitutes premium
A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Certificate is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of Premium Certificates, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Premium Certificates.

**CONTINUING DISCLOSURE UNDERTAKING**

In accordance with paragraph (b)(5) of Securities and Exchange Commission (the “SEC”) Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”), the Treasurer has agreed in the Master Financing Agreements to enter into a written undertaking in the form of a Disclosure Agreement for the benefit of the beneficial owners of the Certificates (the “Undertaking”).

**Annual Disclosure Report.** The state covenants and agrees in the Undertaking that not later than seven months after the end of each Fiscal Year (the “Submission Date”), beginning January 31, 2012, for the Fiscal Year ended June 30, 2011, the state will provide or cause to be provided either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, an annual report (the “Annual Disclosure Report”) that will consist of the following:

1. audited financial statements of the state prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as such principles may be changed from time to time, except that if the audited financial statements are not available by the Submission Date, the Annual Disclosure Report will contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the state, and the state’s audited financial statements will be filed in the same manner as the Annual Disclosure Report when and if they become available;

2. historical financial and operating data for the state of the type set forth in Appendix A; and

3. a narrative explanation of any reasons for any amendments to the Undertaking made during the previous fiscal year and the effect of such amendments on the Annual Disclosure Report being provided.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the Internet website of the MSRB or filed with the SEC. The state will identify clearly each document so included by reference. The MSRB has indicated that it intends to make continuing disclosure information submitted to it publicly available on the Internet on its Electronic Municipal Market Access system website.

The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided herein; provided that any audited financial statements may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such statements are not available by the Submission Date.

If the state’s fiscal year changes, the state may adjust the Submission Date by giving notice of such change in the same manner as notice is to be given of the occurrence of a Listed Event.
The state agrees to provide or cause to be provided to the MSRB, in a timely manner, notice of its failure to provide the Annual Disclosure Report on or prior to the Submission Date.

**Listed Events.** The state agrees to provide or cause to be provided, in a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB notice of the occurrence of any of the following events with respect to the Certificates, if material (the “Material Events”): (1) principal and interest payment delinquencies; (2) nonpayment-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, Notice of Proposed Issue (IRS form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Certificates; (7) modifications to rights of owners of the Certificates, if material; (8) Certificate calls (other than scheduled mandatory redemptions of Term Certificates), if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing the repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the state, as such “Bankruptcy Events” are defined in the Rule; (13) the consummation of a merger, consolidation, or acquisition involving the state or the sale of all or substantially all of the assets of the state, 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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

**Termination or Modification of Undertaking.** The state’s obligations under the Undertaking will terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. The Undertaking, or any provision thereof, is to be null and void if the state:

1. obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require the Undertaking, or any such provision, have been repealed retroactively or otherwise do not apply to the Certificates; and

2. notifies the MSRB, in a timely manner, of such opinion and the cancellation of the Undertaking.

The state may amend the Undertaking without the consent of any holder of any Certificate or any other person or entity under the circumstances and in the manner permitted by the Rule. The Treasurer will give notice to the MSRB of the substance of any such amendment, including a brief statement of the reasons therefor.

If the amendment changes the type of Annual Disclosure Report to be provided, the Annual Disclosure Report containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided (or in the case of a change of accounting principles, the presentation of such information). In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements:

1. notice of such change will be given in the same manner as for a Listed Event, and

2. the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.
**Remedies.** The right to enforce the provisions of the Undertaking will be limited to a right to obtain specific enforcement of the state’s obligations thereunder, and any failure by the state to comply with the provisions of the Undertaking will not be a default with respect to the Certificates.

**Additional Information.** Nothing in the Undertaking will be deemed to prevent the state from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a Listed Event, in addition to that which is required by the Undertaking. If the state chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a Listed Event in addition to that specifically required by the Undertaking, the state will have no obligation to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a Listed Event.

**Prior Compliance.** The state has complied in all material respects with all prior written undertakings under the Rule.

**RATING**

Moody’s Investors Service, Inc. (“Moody’s”) has assigned a rating of “Aa2” to the Certificates. The state has furnished certain information and materials to Moody’s regarding the Certificates and the state. Such rating reflects only the view of such rating agency and is not be a recommendation to buy, sell or hold the Certificates. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. An explanation of the significance of such rating may be obtained from Moody’s Investors Service Inc., located at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

There is no assurance that such rating will be maintained for any given period of time or that it may not be raised, lowered, suspended, or withdrawn entirely by the rating agency if, in its judgment, circumstances warrant. Any such downward change in or suspension or withdrawal of such rating may have an adverse effect on the market price of the Certificates. The state undertakes no responsibility to oppose any such change or withdrawal.

**UNDERWRITING**

The Certificates are being purchased by Goldman, Sachs & Co. (the “Underwriter”) at a price of $36,741,288.31, representing the aggregate principal amount of the Certificates, plus net original issuance premium of $2,326,138.85 and less Underwriter’s discount of $79,850.54. The Underwriter has represented that the Certificates are to be reoffered at the prices or yields set forth on page i of this Official Statement. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than the initial offering prices set forth on page i hereof, and such initial offering prices may be changed from time to time by the Underwriter. After the initial public offering, the public offering prices may be varied from time to time.

**FINANCIAL ADVISOR**

SDM Advisors, Inc. has served as financial advisor to the state in connection with the issuance and sale of the Certificates. The financial advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement or other information provided relative to the Certificates. SDM Advisors, Inc. makes no guaranty, warranty or other representation on any matter related to the information contained in this Official Statement. The financial advisor is an independent financial advisory firm and is not engaged in the business of underwriting, marketing, trading, or distributing.
municipal securities. The payment of compensation to the financial advisor is contingent upon the successful delivery of the Certificates to, and full payment for the Certificates by, the Underwriter.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The state has duly authorized the execution and delivery of this Official Statement.

STATE OF WASHINGTON

By: /s/ Ellen L. Evans
    Deputy Treasurer–Debt Management
APPENDIX B
DEFINITIONS AND SUMMARY OF CERTAIN LEGAL DOCUMENTS
APPENDIX C

PROPOSED FORM OF CERTIFICATE COUNSEL OPINION
[FORM OF APPROVING LEGAL OPINION]

State of Washington
c/o State Finance Committee
Olympia, Washington

Re: State of Washington Certificates of Participation, Series 2011D
(State and Local Agency Real and Personal Property)

We have acted as special counsel to the state of Washington (the “State”) in connection with the execution and delivery by The Bank of New York Mellon in the capacity of fiscal agent of the State (the “Fiscal Agent”) of Certificates of Participation, Series 2011D (State and Local Agency Real and Personal Property), in the Initial Principal Amount of $34,495,000 (the “Certificates”) pursuant to a Trust Agreement, Series 2011D (the “Trust Agreement”), dated as of November 16, 2011 (the “Dated Date”), by and among the State, acting by and through the State Treasurer of the State (the “State Treasurer”), the Fiscal Agent and the Washington Finance Officers Association (the “Corporation”), a Washington nonprofit corporation. Capitalized terms used in this opinion that are not otherwise defined have the meanings given such terms in Appendix I to the Trust Agreement.

The Certificates evidence and represent undivided proportionate ownership interests in the Principal Components and Interest Components of Installment Payments and Base Rent Payments to be made by the State (“State Payments”) pursuant to a Master Financing Contract, Series 2011D (the “Master Financing Contract”), and a Master Financing Lease, Series 2011D (the “Master Financing Lease” and together with the Master Financing Contract, the “Master Financing Agreements”), each dated as of the Dated Date, entered into by and between the Corporation and the State, acting by and through the State Treasurer, to finance or refinance the acquisition and/or improvement of certain personal property and real property (the “Property”) for State Agencies and Local Agencies (the “Agencies”).

The Master Financing Contract constitutes a special, limited obligation of the State payable solely from the sources set forth therein, including Agency Installment Payments required to be paid by the State Agencies pursuant to State Agency Financing Addenda, Series 2011D (the “State Agency Financing Addenda”), to the Master Financing Contract, and by Local Agencies pursuant to Local Agency Financing Contracts, Series 2011D (the “Local Agency Financing Contracts,” and, together with the State Agency Financing Addenda, the “Agency Financing Contracts”). The Master Financing Lease also constitutes a special, limited obligation of the State payable solely from the sources set forth therein, including Agency Rent Payments required to be paid by the State Agencies pursuant to State Agency Financing Lease Addenda, Series 2011D (the “State Agency Financing Lease Addenda”), to the Master Financing Lease, and by Local Agencies pursuant to Local Agency Financing Leases, Series 2011D (the “Local Agency Financing Leases,” and, together with the State Agency Financing Lease Addenda, the “Financing Leases”). The Agency Financing Contracts and Financing Leases together are the “Agency Financing Agreements.” Pursuant to the Master Financing Agreements, the State Treasurer is conditionally obligated, to the extent of legally available appropriated funds, to pay Agency Installment
Payments and Agency Rent Payments when due under Local Agency Financing Contracts and Local Agency Financing Leases upon the default of any Local Agency.

Pursuant to a Master Assignment, Series 2011D (Equipment), and a Master Assignment, Series 2011D (Real Property) (together, the “Master Assignments”), each dated as of the Dated Date, the Corporation has unconditionally granted, sold, assigned, transferred and conveyed to the Fiscal Agent without recourse (i) all of its rights to receive the State Payments under and pursuant to the Master Financing Agreements, and (ii) all of its remaining right, title and interest in, to and under the Master Financing Agreements and the Agency Financing Agreements, and in and to the Property (including any security interest therein), including but not limited to its right to take all actions and exercise all remedies under and pursuant to the Master Financing Agreements.

As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Under the Internal Revenue Code of 1986, as amended (the “Code”), the State and the Agencies are required to comply with certain requirements after the date of execution and delivery of the Certificates in order to maintain the exclusion of the interest evidenced and represented by the Certificates from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Certificate proceeds and the Property financed or refinanced with Certificate proceeds, limitations on investing gross proceeds of the Certificates in higher yielding investments in certain circumstances, and the arbitrage rebate requirement to the extent applicable to gross proceeds of the Certificates. The State and the Agencies have covenanted to comply with those requirements, but if the State or the Agencies fail to comply with those requirements, interest evidenced and represented by the Certificates could become taxable retroactive to the date of execution and delivery of the Certificates. We have not undertaken and do not undertake to monitor compliance with such requirements.

Under the statutes, regulations, published rulings and court decisions existing on the date of this opinion and based on our review of such other documents, proceedings and certifications as we have deemed necessary, it is our opinion that:

1. The Master Financing Agreements have been duly authorized, executed and delivered by the State, acting by and through the State Treasurer and the respective State Agencies, and, assuming the due authorization, execution and delivery thereof by the Corporation, constitute valid, binding and enforceable obligations of the State payable solely from the sources set forth therein. The Master Financing Agreements do not constitute general obligations of the State, and neither the full faith and credit nor the taxing power of the State is pledged to the payment thereof.

2. The obligation of each State Agency to pay Agency Installment Payments or Agency Rent Payments during the term of its State Agency Financing Addenda or State Agency Financing Lease Addenda, constitutes a valid and binding obligation of such State Agency, subject to appropriation by the State Legislature and to Executive Order reduction by the Governor of the State. Such obligation does not constitute a general obligation of the State, and neither the full faith and credit nor taxing power of the State is pledged to the payment thereof.

3. The conditional obligation of the State Treasurer pursuant to the Master Financing Agreements to pay Agency Installment Payments and Agency Rent Payments under each Local Agency
Financing Contract and Local Agency Financing Lease upon the default of any Local Agency is subject to appropriation by the State Legislature and to Executive Order reduction by the Governor of the State. Such conditional obligation does not constitute a general obligation of the State, and neither the full faith and credit nor taxing power of the State is pledged to the payment thereof.

4. Assuming (a) the due authorization, execution and delivery of the Master Assignments by the Corporation and the Fiscal Agent, (b) the due authorization, execution and delivery of the Trust Agreement by the Corporation and the Fiscal Agent, and (c) the due authorization, execution and delivery of the Certificates by the Fiscal Agent, the Certificates are entitled to the benefits of the Master Assignments and the Trust Agreement.

5. Assuming compliance by the State and the Agencies after the date of execution and delivery of the Certificates with applicable requirements of the Code, the Interest Component of each State Payment (“Interest”) under the Master Financing Agreements and received by the Owners of Certificates is excluded from gross income for federal income tax purposes and is not subject to the federal alternative minimum tax applicable to individuals; however, while Interest also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, Interest received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, Interest received by certain S corporations may be subject to tax, and Interest received by foreign corporations with United States branches may be subject to a foreign branch profits tax.

We express no opinion regarding any other federal tax consequences arising with respect to the ownership of the Certificates. Owners of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences.

Our opinions with respect to the enforceability of various documents are subject to limitations imposed by bankruptcy, insolvency or other laws affecting creditors’ rights and by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,
APPENDIX D

THE STATE’S 2010 AUDITED BASIC FINANCIAL STATEMENTS
APPENDIX E

DTC AND ITS BOOK-ENTRY SYSTEM
DTC AND ITS BOOK-ENTRY SYSTEM

The following information has been provided by DTC. The state takes no responsibility for the accuracy or completeness thereof, or for the absence of material changes in such information subsequent to the date hereof. Beneficial Owners should confirm the following with DTC or the Participants (as hereinafter defined).

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Certificates. The Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each Principal Payment Date of the Certificates, each in the aggregate principal amount represented by such Certificates, 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 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 (which website is not incorporated herein by reference).

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

4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are to be 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 Certificates with DTC and their
registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates 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. When notices are given, they shall be sent by the Fiscal Agent to DTC only. 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. Prepayment notices shall be sent to DTC. If less than all of the Certificates of a Principal Payment Date are being prepaid, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be prepaid.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the state as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, prepayment and interest payments on the Certificates 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 state or the Certificate Registrar, 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 are the responsibility of such Participant and not of DTC, the Fiscal Agent or the state, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, prepayment and interest payments to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) is the responsibility of the state or the Fiscal 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 Certificates at any time by giving reasonable notice to the state or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

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

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