STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

# RatingsDirect®

# Washington; Appropriations; General Obligation

**Primary Credit Analyst:**
Sussan S Corson, New York (1) 212-438-2014; sussan.corson@standardandpoors.com

**Secondary Contact:**
Gabriel J Petek, CFA, San Francisco (1) 415-371-5042; gabriel.petek@standardandpoors.com

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# Washington; Appropriations; General Obligation

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| *Long Term Rating* | AA+/Stable | New |
| US$203.59 mil motor vehicle fuel tax GO bnds ser 2016D due 02/01/2041 | | |
| *Long Term Rating* | AA+/Stable | New |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| **Washington certs of part rfdg (Dept of Ecology St Office Bldg Proj) ser RE-2003-B** | | |
| *Unenhanced Rating* | AA(SPUR)/Stable | Affirmed |

## Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating and stable outlook to the State of Washington's series 2016C various purpose general obligation (GO) bonds, and series 2016D motor vehicle fuel tax GO bonds.

At the same time, Standard & Poor's affirmed its 'AA+' long-term rating and underlying rating on the state's existing GO and motor vehicle fuel tax (MVFT) GO debt, and its 'AA' rating on the state's existing appropriation-backed debt. The outlook on all ratings is stable.

The ratings reflect our view of Washington's:

- Relatively well-educated workforce and good income indicators;
- Sales tax-based revenue structure that, although somewhat less sensitive to economic cycles than income tax-reliant states, is following a decades-long stagnating trajectory as a share of total revenue;
- High cost of housing, especially in key economic centers that could impede long-term growth prospects;
- Good internal access to sources of liquidity in the treasury and treasurer trust funds;
- Strong financial policies and practices, including statutory provisions requiring that the state's biennial budget and projected subsequent two fiscal years' spending plans be balanced; and
- Moderately high per capita debt burden but well-funded pension plans.

The state's full faith, credit, and taxing powers secure the GO bonds. Washington's MVFT GO bonds are first payable from state excise taxes on motor vehicle and special fuels, but ultimately also backed by the state's full faith, credit, and taxing powers. We understand that the bonds are being issued to fund various state capital projects.

Washington will have about $17.5 billion of GO bonds, net of reimbursements, outstanding after the current offering. Of this, about $6.6 billion of the state's net GO debt is payable first from excise taxes on motor vehicles and special fuels or from toll revenue. The state also has about $886 million of certificates of participation, including certificates of participation for state and local agencies, and other appropriation-backed debt outstanding as of February 2016.

In November 2015, the state's Economic and Revenue Forecast Council (ERFC) released an updated forecast that reflects revenue growth $245 million above budgeted estimates and 10.5% growth in 2015-2017 general fund revenue compared with the previous biennium. Washington's reliance on retail sales and business and occupation (gross receipts) taxes for a combined 63% of general fund tax revenues (on a budgetary basis) typically affords the state more revenue stability than other states that rely on personal income tax revenues. Projected fiscal 2016 year-over-year growth in retail sales tax and business and occupation tax revenue is strong at 4% and 7%, respectively, although legislative changes in the 2015-2017 biennium session contribute in part to the business and occupation tax forecast. Although employment, personal income, housing, and GDP trends remain positive, the slowing global economy and a strong dollar's effect on exports remain mitigating risks to Washington's revenue forecast.

Despite higher revenue trends, expenditure costs have also increased more than expected since the enacted budget. In December 2015, Governor Inslee released his 2016 proposed supplemental budget that includes more than $500 million in additional expenditures since the enacted biennium budget, or a small 1.4% of total general fund expenditures through fiscal 2017. Higher-than-expected costs include those related to severe wildfires ($178 million), as well as rising Medicaid and health care costs, such as increasing pharmaceutical expenses ($180 million), human service program ($63 million) caseloads, and corrections ($23 million). Higher proposed expenditures also include more spending on mental health services ($137 million). In addition, the governor has introduced legislation to raise teacher salaries, which he proposes will be funded through the elimination of certain tax exemptions. The proposed 2015-2017 general fund two-year budget totals $37.9 billion, compared with the enacted $37.5 billion after incorporating assumed reversions of almost $173 million.

The supplemental budget proposes using $178 million from the budget stabilization account (BSA) to cover emergency fire costs, for an estimated ending balance of $714 million at the close of the biennium, compared with $894 million in the enacted budget. Based on the proposal, the projected general balance combined with the BSA would total $961 million, or 2.5% of biennium expenditures, which we view as adequate. On an annualized basis, which is more comparable to other states, the ending biennium balance, as proposed, would equate to a good 5.0% of expenditures budgeted for the year, although this is lower than the previously projected 7.2% of annualized expenditures. Fiscal 2015 combined balances were about $1.5 billion, or a strong 11.0% of state general fund expenditures, compared with previously estimated 8.5% of annualized spending.

Education funding continues to pose fiscal pressures for the state. The Washington State Supreme Court's 2012 decision (the McCleary ruling) deemed that the state has systematically underfunded its public education system. The 2015-2017 biennium budget made some progress in raising education spending to address a portion of the state's obligations under the McCleary ruling; however, Washington remains in violation of the ruling and there continues to be pressure for education reform to address education inequality. The state supreme court issued an order in August 2015 to fine the state $100,000 per day, paid into a segregated account for basic education until Washington adopts a complete compliance plan to fully fund all elements of basic education by 2018. The governor's 2016 proposed supplemental budget includes $16 million for the fine, or a very small 0.04% of the biennium spending. Although significant education reform is unlikely in the 2016 legislative session, some legislators have introduced a bill to establish an education task force to analyze data with a goal to make recommendations on education reform to lawmakers in the 2017 legislative session.

Washington's economy has sustained above-average rates of growth with real GDP and employment expanding at

3.1% and 2.8%, respectively, in 2014, outpacing the nation's 2.2% and 1.9%, respectively. The state's November 2015 ERFC forecasts baseline 2.8% employment growth in 2015, which still exceeds that of the nation but is a hair lower than previous forecasts due to flat construction employment. Total exports declined 2.6% year-over-year through November 2015 due to the strong dollar and slowing Chinese economy. The ERFC's forecasted 2015 personal income growth is particularly strong at 5.4%, which is consistent with our view (based on IHS Connect's modeling), which would be considerably faster than what we expect for the nation (2.4%). The ERFC projects slightly slower 4.8% personal income growth in 2016 that would still exceed projected national growth rates. Washington's personal income has historically increased faster than overall state tax revenue, even after adjusting for various tax-rate changes. The ERFC reports that, from 1998-2014, the average annual growth rate in state tax revenues of 3.5% has lagged that for personal income, which is 4.8%. In our view, the divergence in the growth rates indicates relatively stronger economic activity among the higher value sectors in Washington and in part reflects the fact that the state does not levy a personal income tax.

In general, we consider Washington's approach to financial management strong, as reflected in our financial management assessment and budget management scores. Well-established economic and revenue forecasting and increasingly refined debt management practices and oversight served the state's credit quality well during the recession and its aftermath. Forward-looking state policies facilitate budget practices we view as prudent, including minimal reliance on payment deferrals or other one-time responses to anticipated budget gaps.

For December 2015, the state treasury and treasurer's trust fund's month-end cash balance was $5.5 billion, up somewhat from the $4.4 billion at the same point in December 2014. Investments are conservative, in our view, with an average of 64% of funds invested in U.S. treasuries and agencies in December 2015. In addition to Washington's investment guidelines, state policies require that collateral in repurchase agreements (of which the state currently has none) for U.S. treasury, agency, and money market instruments be priced at 102% of market value. Mortgage-backed repurchase agreements of more than seven days are subject to a higher, 105% requirement.

As of fiscal year-end 2015, the state's gross direct tax-supported debt burden was $19.7 billion in GO and appropriation-backed bonds outstanding but a somewhat lower $18 billion when accounting for self-supported debt. Tax-supported debt was moderately high, in our opinion, at $2,552 per capita (based on the U.S. Census 2014 state population of 7.1 million), 5.1% of total personal income (2014), and 4.2% of state GDP (2014). Debt paydown remains average, in our view, with about 50% of principal outstanding amortized over 10 years. Gross GO and lease appropriation-backed debt service is moderate, in our opinion, at 5.65% of the funds' expenditures from which the state pays debt service. However, portions of the state's debt are funded from self-supporting or reimbursable sources. Considering just the general fund, adjusted for these offsetting revenues, we estimate that debt service was 6.6%, moderate in our view. After this issuance, officials estimate that Washington might issue another $730 million in GO and MVFT GO bonds through the fall of 2016. We don't expect projected debt issuance to materially impact the state's debt profile.

Long-term state liabilities include those related to the state's pension system and retiree health care. Washington's pension liability profile has improved somewhat as of the state's fiscal 2015 audited financial statements because of the lower reported net pension liability based on the state's allocation across 11 pension systems. The state adjusted the discount rate applied to its liabilities to 7.8% from 7.9% in the current biennium and the rate is scheduled to decline further to 7.7% in the 2017-2019 biennium. According to the fiscal 2015 comprehensive annual financial report, Washington's share of the net pension liability across 11 pension plans (not including a share of the school employees retirement system liability) totaled $1.53 billion, or $217 per capita (using 2014 U.S. Census population figures), which is low in our view. Relative to total personal income, the state's share of the net pension liability was 0.4%, which is also what we consider very low. The aggregate funded ratio across plans is good, in our view, at more than 90% although funding has historically fallen short of actuarially determined contribution levels. With its biennial budget process, the state legislature appropriates pension contributions every two years. Although contributions have historically been set to equal the required contribution, they frequently fall short of the actuarially determined contribution because they are not adjusted after the budget is adopted.

Other postemployment benefits (OPEB) are funded on a pay-as-you-go basis. The state's OPEBs produce an implicit liability by allowing retired employees to purchase health, life, and vision insurance in the same pool as current employees at a subsidized rate.

Based on the analytic factors we evaluate for states, we have assigned Washington a composite '1.7' on a four-point scale whereby '1.0' is the strongest and '4.0' is the weakest.

## Outlook

The stable outlook reflects our view of Washington continuing to benefit from above-forecast end-of-biennium revenue trends. Nevertheless, we expect that significant upward pressure on spending originating in legal- and voter-approved mandates will remain a soft point in the state's credit profile. However, legal requirements that Washington enact budgets that not only balance for the current biennium but also project balance through the following biennium help facilitate a structural approach. That, coupled with the state's ongoing discipline vis-à-vis funding its budget reserves, should help insulate the state rating from unexpected economic or revenue weakening. Potential for upward movement would likely entail a more permanent fix to Washington's education funding challenges and, potentially, revenue trends that better keep pace with the state's underlying economic growth rates.

Given that Washington's previous projected budget gap was solved with stronger-than-expected revenues, downside pressure on the state rating would likely have economic origins. Sustained weak demand for key state exports, fueled in part by a strong U.S. dollar, slower-than-expected growth from China, and a sharp falloff in the housing market could all contribute to such a scenario. State policymakers' response to a downside economic scenario--whether it's timely and structurally oriented--would likely dictate any impact on our rating on Washington. If lawmakers delayed taking corrective action or relied extensively on one-time solutions to midbiennium budget gaps, allowing the state's reserve balances to decline precipitously, this could result in downward pressure on the rating.

## Governmental Framework

Washington's statutory requirement to adopt a balanced budget, when coupled with the state's financial management policies, encourages the state to ensure ongoing fiscal solvency. Legal protections for Washington's GO debt include a specific constitutional requirement that the legislature make appropriations in the budget for the interest and principal installment payments on its debt. Although neither state statute nor the state constitution provides that debt service be a priority relative to other state payment obligations, no other payment obligation enjoys a specific requirement that an appropriation be made. In our view, this has the practical effect of providing debt service with a strong legal position among the state's various payment obligations.

The governor has authority to make across-the-board reductions to spending allotments when a cash deficit in a particular fund is projected. However, authority to impose disbursement reductions does not include allotments for basic education, pension benefits, or GO debt service. The state's office of financial management monitors and makes recommendations about cash management activities to the governor.

An active voter-initiative environment complicates Washington's governmental framework. We have viewed the active voter-initiative environment as limiting the state's fiscal flexibility somewhat. However, the legislature's willingness and ability to set aside provisions of voter-approved initiatives when fiscal conditions warrant has proven beneficial to credit quality, in our view. (Initiatives may be amended with a two-thirds vote of the legislature within two years of passage and a simple majority of the legislature thereafter.) We noted, for instance, that during the 2011-2013 biennium and eight of the 14 preceding years to that biennium, the legislature temporarily suspended Initiatives 732 and 728 (for teacher cost-of-living salary increases and smaller class sizes, respectively). During the 2012 legislative session, the legislature repealed I-728 altogether. The legislature also suspended I-732 again for the 2013-2015 biennium and suspended features of I-1351 (class size reduction) for the current biennium. In January, a superior court struck down I-1366a passed by the voters in November 2015. The initiative would have reduced the state's sales tax rate by 1 cent unless legislators referred a constitutional amendment to the ballot that would require a two-third legislative vote or voter approval to raise taxes.

Similar to many other states, significant spending areas in Washington's budget are largely nondiscretionary. The state estimates that as much as two-thirds of spending, primarily for K-12 education, Medicaid, foster care, debt service, and pensions, is effectively legally required by some combination of state constitution, statute, court decision, or federal mandate. In addition, Washington voters have, over the years, approved initiatives that have reduced the revenue and spending autonomy of the state.

During the 2011 legislative session, the legislature added a debt commission to the state's process of developing its debt affordability study. The debt commission evaluated Washington's use of debt and made policy or constitutional change recommendations, including creation of a new constitutional debt limit. Given that Washington's debt levels are somewhat higher than that of other states, we believe steps to contain the growth of its debt burden could have favorable implications for the state's credit quality.

In 2012, the legislature put on the ballot, and the voters subsequently approved, a constitutional amendment related to the previous state debt limit. The amendment lowers the limit on Washington's annual debt service to 8% of a six-year moving average of general fund revenue from 9% of a three-year moving average. Finally, in 2012, the legislature approved reducing early retirement benefits for newly hired employees in three state pension plans and began phasing in a reduction of the assumed rate of return for its pensions.

On a scale ranging from '1.0' (strongest) to '4.0', we have assigned a score of '1.7' to Washington's governmental framework.

## Financial Management

### Financial management assessment (FMA): 'strong'

We consider the state's financial management practices "strong" under our financial management assessment (FMA) methodology. An FMA of strong indicates our view that practices are strong, well embedded, and likely sustainable. The state ERFC, which is made up of representatives appointed by the governor's office, both houses of the legislature, and both major political parties, as well as the state treasurer, produces an analytical report on economic and revenue performance each month and, by statute, presents quarterly revenue forecasts covering the current and upcoming biennium. The state uses the council's forecasts, which are based on a modified IHS Connect model of the U.S. economy, to set revenue parameters at biennial budget adoption. Washington has a record of making budget adjustments within the biennium when the forecast council materially changes its projections. Beginning with the fiscal 2013-2015 biennium, state law required the legislature to balance not just the biennial budget, but also the spending and revenues anticipated for the subsequent two-year period. In addition, three times per year, the state convenes a Caseload Forecast Council, which forecasts service requirements in such areas as public assistance, state corrections, medical assistance, and K-12 education. The executive branch uses these forecasts, along with historical expenditures, to formulate budget proposals and mid-biennium revisions.

Further guiding budgeting decisions is a rolling, four-year general fund forecast maintained by the state's ERFC. Washington uses these forecasts to quantify the timing and scope of potential deficits in the subsequent biennium and, in some cases, to begin to address structural imbalances before the next budget cycle begins. Although the state does not have a minimum reserve policy, Washington Constitution requires the state to set aside 1% of most unrestricted state revenues in each fiscal year into a budget stabilization fund, a form of "rainy-day" fund. That fund can be tapped under a provision allowing the state to draw on the fund when employment growth falls below 1%, in the event of a catastrophic emergency, or by a 60% supermajority vote of the legislature. When the fund reaches 10% of estimated general state revenues in that fiscal year, the state can also draw excess funds for education capital projects. In addition, in November 2011, voters approved a measure requiring that any revenue growth that exceeds by one-third the average biennial growth in state revenues during the previous five biennia be transferred to the budget stabilization account.

Other policies and practices include:

- Capital spending that the state budgets for on a biennial schedule but plans on a rolling, 10-year basis and includes funding sources;
- A formal investment management policy that covers eligible investments, maximum maturities (10 years), allocations of nongovernment securities, and internal and external controls; and
- Debt management under an issuance policy that, among other elements, addresses refunding savings thresholds.

### Budget management framework

Washington adheres to budget management practices we consider generally strong. Across different gubernatorial administrations, when confronted with projected budget gaps, the state's political leadership has demonstrated a willingness to consider difficult fiscal adjustments, including both expenditure and revenue measures. In addition, when deficits emerge mid-cycle, the state has generally responded with timely corrective actions. Revenue projections are apolitical and are developed according to the state's independent revenue forecasts. When deficits do emerge, however, the state tends to include nonrecurring measures among its solutions, and its updates-to-actual fiscal performance that includes both revenue and spending trends is not regularly available at intra-year intervals.

On a scale ranging from '1.0' (strongest) to '4.0', we have assigned a score of '1.5' to Washington's financial management.

## Economy

Washington continues to experience consistently strong population growth trends relative to national levels, with year-over-year population growth in 2014 of 1.3%, compared to the national 0.86% growth, and forecasted to continue to grow at a similar pace for the next few years. Furthermore, its relatively low age-dependency ratio (58.1), good per capita gross state product (111% of the nation as of 2014), and good per capita incomes (108% of the U.S. for 2014) are characteristic of the state's relatively strong economic profile. The state's preliminary December 2015 unemployment rate of 5.5% was just slightly above that of the U.S. Economic development prospects remain relatively good, in our view, with the state's above-average education level among residents, access to ports, and below-average energy costs.

Washington remains a leading export state in the nation, helping diversify prospects for growth while somewhat insulating it from U.S. economic cycles. Being a heavy exporter-state also has a downside, however, by exposing Washington's economy to a strong dollar and fluctuations in economic performance from around the globe. Boeing Co., the state's largest employer, has ramped up production of the 737 as it deals with an approximately seven-year backlog of aircraft orders. This demand is reflected in a 7.7% increase in transportation equipment exports between January and November 2015 compared with the same period in 2014 (even as total exports for the state fell). Nevertheless, the firm has proceeded with workforce reductions due to increased operational efficiencies, cutting more than 3,000 jobs in the state in the previous two years.

On a scale ranging from '1.0' (strongest) to '4.0', we assigned a score of '1.3' to Washington's economy.

## Budgetary Performance

### Liquidity

Washington's liquidity has strengthened markedly. Although it is common, in some months, for the state's general fund cash balances to fall into negative territory, this has occurred less often in recent months. For example, in October 2015 (fiscal 2016), the state's general fund cash balance was $672 million, up from a cash deficit of $737 million in October 2014 (and up significantly from large cash deficits of more than $1 billion during the aftermath of the Great

Recession). When general fund cash is negative, the state has access to cash for liquidity in its treasury and treasury trust funds, the former of which is subject to legislative appropriation. This cash is held in the custody of the state treasurer, who invests it on a comingled basis. As a result of its good access to internal liquidity, Washington does not rely on external borrowing for cash flow management. As such, we continue to view the state's internal liquidity sources as sufficient to support its general fund budget operations--which we expect will continue to track an improving trajectory along with state revenues and the economy more broadly.

### Audited financial performance

As of the end of fiscal 2015, the state's general fund assigned and unassigned fund balance, on a generally accepted accounting principles (GAAP) basis, was $1.8 billion, or 6.1% of expenditures. The fund balance improved compared with fiscal 2014 when it was $1.2 billion, or 4.65% of expenditures, due to an $854 million GAAP operating surplus. During expansionary phases of the economic cycle, the state consistently returns operating surpluses and good reserve positions. However, Washington had much lower audited reserves in fiscal 2010 due to the draws during the recession to just $302 million, or 1.2% of expenditures. State authority to defer payments, borrow from the treasury and treasurer trust funds, and issue cash flow notes, if needed, all serve as contingency liquidity measures, but Washington managed through the Great Recession without taking these steps. The absence of a formal policy for the state's minimum budget reserve level allows for low balances to persist through protracted periods of economic and revenue softness.

On a scale ranging from '1.0' (strongest) to '4.0', we have assigned a score of '1.6' to Washington's budget performance.

## Debt And Liability Profile

As noted, Washington's debt is moderately high by several of our measures. We expect debt levels will remain moderately high given anticipated future issuance, particularly for transportation projects. In 2015, the legislature passed fuel taxes and certain license fees as part of a transportation revenue package to help fund significant transportation investment in the state over the next 16 years. The state forecasts total transportation revenues of $5.7 billion for the biennium, including $677 million of new revenue from the transportation package, which will help support a $5.3 billion GO bond authorization for the total program. Washington expects to issue approximately $730 million in new GO and MVFT GO bonds in mid-to-late 2016. The state also estimates that it may issue about $65 million in certificates of participation in the spring.

### Pension plans are well-funded

Long-term state liabilities include those related to the state's pension system and retiree health care. The aggregate funded ratio across Washington's pension plans is about 91% in fiscal 2015, using market value of assets and entry age normal methodology as required by Governmental Standards Board (GASB) 67 and 68. As of fiscal 2015, all of the plans-- except for the smaller veterans and volunteer fire fighters retirement plans--use an assumed 7.5% discount rate and no plans have projected a crossover date.

Based on the fiscal 2015 comprehensive annual financial report (reflecting GASB 68 reporting unfunded liabilities using market value of assets and only the state's allocated portion of the unfunded plan liabilities), Washington's net pension liability across plans was $1.5 billion, equal to $217 per capita and only 0.4% of personal income, which we consider strong. The state's contributions to the pension funds equaled $507 million in fiscal 2015, which was stable compared with fiscal 2014 and equal to a low 1.8% of general fund expenditures. Although the state makes its required contributions to each plan as set forth in the plans' respective funding policies, contributions tend to fall short of actuarially determined contributions. Before fiscal 2014, several years of actual annual contributions fell well short of the required contributions. For fiscal 2014 and fiscal 2015, the total aggregate contributions from the state and other plan participants across plans were just under the actuarially determined contribution.

### OPEBs are funded on a pay-as-you-go basis

The state's OPEBs produce an implicit liability by allowing retired employees to purchase health, life, dental, and disability insurance in the same pool as current employees at a subsidized rate. The explicit benefit subsidizes retired members' monthly premiums up to $150 per member per month for enrollment in Medicare Parts A and B. On an actuarial basis, Washington's portion of the actuarial accrued liability was $5.3 billion, or about half of the total plan liability as of Jan. 1, 2015. The state's annual OPEB cost was $502 million, according to Washington's fiscal 2015 audited financial statements. The state contributed an estimated $74 million for current pay-as-you-go expenses for retiree benefits, equal to less than 1% of annual general fund expenditures that same year. We understand that Washington does not plan to fully fund the ARC for the foreseeable future.

On a scale ranging from '1.0' (strongest) to '4.0', we have assigned a score of '2.2' to Washington's debt and liability profile.

## Related Criteria And Research

### Related Criteria

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007
- USPF Criteria: Special Tax Bonds, June 13, 2007
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

| Ratings Detail (As Of January 29, 2016) | | |
|---|---|---|
| Washington certs of part (Washington St Dept of Gen Admin Tacoma Co-Location Proj) dtd 12/01/1996 | | |
| *Long Term Rating* | AA/Stable | Affirmed |
| Washington go & motor veh fuel tax ser 1992B AT-7 III-g EE-1 dtd 06/01/92 due 03/01 & 06/01/1993-2012 2017 03/01/2013 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington motor vehicle fuel tax GO bnds ser 2015C due 02/01/2040 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington motor veh fuel tax GO bnds ser 2008D dtd 01/22/2008 due 01/01/2009-2033 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington motor veh fuel tax GO bnds ser 2010B dtd 07/28/2009 due 08/01/2010-2032 2034 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |

| Ratings Detail (As Of January 29, 2016) (cont.) | | |
|---|---|---|
| Washington motor veh fuel tax GO rfdg bnds | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington motor veh fuel tax GO rfdg bnds ser R-2015D due 07/01/2030 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington mtr veh fuel tax GO bnds ser 2008B dtd 09/26/2007 due 07/01/2008-2030 2032 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington mtr veh fuel tax GO bnds (Build America Bnds) taxable ser 2010D dtd 10/22/2009 due 08/01/2020-2024 2029 2039 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington mtr veh fuel tax GO bnds (SR-520 Corridor Program -Toll Rev) ser 2012C dtd 10/31/2011 due 06/01/2017-2033 2041 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington mtr veh fuel tax GO rfdg bnds | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington mtr veh fuel tax GO rfdg bnds ser R-2010C dtd 10/28/2009 due 01/01/2012-2026 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington mtr veh fuel tax GO rfdg bnds ser R-2014B dtd 10/24/2013 due 07/01/2014-2021 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington mtr veh Fuel Tax GO bnds ser 2007D dtd 02/06/2007 due 01/01/2008-2030 2032 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington various purp gen oblig bnds | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington various purp GO bnds ser 2006D dtd 02/07/2006 due 01/01/2007-2031 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington var purp GO bnds ser 2007A dtd 08/01/2006 due 07/01/2014-2031 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington var purp GO bnds ser 2007F dtd 05/30/2007 due 07/01/2008-2029 2032 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington var purp GO rfdg bnds ser R-2007A dtd 11/14/06 due 01/01/2007-2026 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington var purp GO rfdg bnds ser R-2015G due 07/01/2032 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO bnds | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO bnds (Motor Vehicle Fuel Tax) ser 2004B dtd 08/06/2003 due 07/01/2004-2028 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO comp int bnds ser 1999S-2 dtd 05/20/1999 due 01/01/2017-2019 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |

| Ratings Detail (As Of January 29, 2016) (cont.) | | |
|---|---|---|
| Washington GO Mtr Veh Fuel Tx | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO & mtr veh fuel tax rev bnds ser 1993B DD-12 CC-9 dtd 05/01/1993 due 03/01/1994-2010 2018 & 05/01/2005-2010 2018 | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO & mtr veh fuel tax (MBIA/National) | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO (wrap of insured) (AMBAC) (ASSURED GTY - SEC MKT) | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO (wrap of insured) (FGIC & AGM) (SEC MKT) | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO (Motor Vehicle Fuel Tax) | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington Various purp GO bnds ser 2007C dtd 02/06/2007 due 01/01/2008-2032 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington Washington St Var Purp #2 dtd 2-1-83 | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |

| Ratings Detail (As Of January 29, 2016) (cont.) | | |
|---|---|---|
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| Washington GO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| **Washington GO** | | |
| *Unenhanced Rating* | AA+(SPUR)/Stable | Affirmed |
| **Aberdeen, Washington** | | |
| Washington | | |
| Aberdeen (Washington) APPROP | | |
| *Long Term Rating* | AA/Stable | Affirmed |
| **FYI Properties, Washington** | | |
| Washington | | |
| FYI Properties (Washington) APPROP | | |
| *Long Term Rating* | AA/Stable | Affirmed |

Many issues are enhanced by bond insurance.