



- AGENDA -

**STATE FINANCE COMMITTEE
AND
PUBLIC DEPOSIT PROTECTION COMMISSION**

November 29, 2022 at 3:00 PM

Via Zoom

With public participation via Zoom, telephonically,
and in-person at the Helen Sommers Building Conference Room 1015
Olympia, Washington

YOU ARE HEREBY NOTIFIED that the State Finance Committee (SFC) and the Public Deposit Protection Commission (PDPC) will each hold Special Meetings, online via Zoom, with virtual public participation via Zoom, telephonically, or in-person via Zoom at the Helen Sommers Building, Conference Room 1015, Olympia, commencing at approximately 3:00 P.M., on the 29th day of November 2022, to consider the items listed below. The PDPC meeting will start immediately following adjournment of the SFC meeting. Information regarding accessing the meetings is provided below.

I. STATE FINANCE COMMITTEE

Call to Order.

1. Approval of minutes of the June 22, 2022, State Finance Committee meeting.
2. Resolution No. 1266 appoints U.S. Bank Trust Company, National Association to act as the state's fiscal agent pursuant to RCW 43.80.120 and requires the Office of the State Treasurer to carry out all matters associated with such appointment including, carrying out the responsibilities of the State Finance Committee as set forth in chapter 43.80 RCW.
3. Informational Item: Bond sales update.
4. Public Comments.

Adjourn.

Office of the State Treasurer

II. PUBLIC DEPOSIT PROTECTION COMMISSION

Call to Order.

1. Approval of minutes of the December 21, 2021, Public Deposit Protection Commission meeting.
2. Informational Item - New PD Financial Institutions Update: Letters of authorization issued by the Chair authorizing approval or termination requests of financial institutions for public depository status in accordance with Resolution 2018–3 dated November 13, 2018.
3. Informational Item - Out-of-State/Alien Bank Accounts Update: Letters of resolution issued by the Chair authorizing requests to approve, rescind, or extend out-of-state and alien bank accounts in accordance with Resolution 2018–2 dated November 13, 2018.
4. Informational Item: PDPC program update.
5. Public Comments.

Adjourn.

Public Zoom Access Information:

To join virtually, please select the following link:

<https://us02web.zoom.us/j/81218422326?pwd=eWFRMDVQK0dkRnZmTOZVK0wwSzyQT09>

Passcode: 794818

Public Dial-in Access Information:

Participants who wish to participate telephonically, please use the following dial-in information:

Dial-in: (253) 215-8782 or 877 853 5257 (Toll Free)

Meeting ID: 812 1842 2326

Office of the State Treasurer

P.O. Box 40200 Olympia, Washington 98504-0200
(360) 902-9000 • TTY USERS: CALL 711 • FAX (360) 902-9037
www.tre.wa.gov

- BRIEFING BOOK -

State Finance Committee

November 29, 2022, Meeting

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- SECTION 1 -

State Finance Committee

November 29, 2022, Meeting



STATE FINANCE COMMITTEE MINUTES

✘ **DRAFT until formally adopted and signed by the Committee Members and Secretary**

June 22, 2022 at 1:15 PM

Virtual – Zoom

With public participation via Zoom, telephonically, and in-person at the
Helen Sommers Building Conference Room 1015, Olympia, WA

The State Finance Committee met virtually via Zoom in a special meeting after notice was duly given to the public.

Present: State Treasurer Mike Pellicciotti, Chair
Governor Jay Inslee, Member
Lieutenant Governor Denny Heck, Member

Also Present Virtually: Jason Richter, Office of the State Treasurer, Secretary
Scott Merriman, Office of Financial Management
Dallas Roberts, Office of the Lieutenant Governor
Anna Borris, Office of the State Treasurer
Aaron Sherman, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Austin Goble, Office of the State Treasurer
Danni Colo, Office of the State Treasurer
Stacia Hollar, Office of the Attorney General
Scott Forbes, Office of the Attorney General
Stacie Amasaki, Bond Counsel – Foster Garvey PC

Chair Pellicciotti called the meeting to order at 1:19 PM. Chair Pellicciotti stated for the record that all three members of the State Finance Committee (SFC) were present, and a quorum was established. Chair Pellicciotti stated this meeting was being streamed by TVW.

Lt. Governor Heck asked the Chair to provide an overview of the role of the SFC for the benefit of the public that might be watching on TVW.

Item 1: Approval of minutes

Chair Pellicciotti introduced the draft minutes from the September 22, 2021, State Finance Committee meeting for approval. No corrections or amendments were requested. Motion – Lieutenant Governor Heck; Second – Governor Inslee; the minutes were approved unanimously.

Chair Pellicciotti introduced Jason Richter, State Finance Committee Secretary and Deputy Treasurer of Debt Management for the Office of the State Treasurer, to provide the resolution summaries.

Item 2: Resolution No. 1261

Resolution No. 1261 amends and restates Resolution No. 1225; providing for the issuance of Motor Vehicle Fuel Tax and Vehicle Related Fees General Obligation Bonds of the state in a principal amount not to exceed \$548,151,000 for the purpose of providing funds to pay and reimburse state expenditures for various transportation projects identified in the Bond Acts; providing for certain terms and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds in one or more sales. Resolution No. 1261 also authorizes the Deputy State Treasurer to establish the method of sale of bonds and the State Treasurer to adopt bond sale resolutions.

Chair Pellicciotti asked if there were any questions regarding Resolution No. 1261.

Hearing no questions, the Chair asked for a motion to approve Resolution No. 1261.

Motion – Lieutenant Governor Heck; Second – Governor Inslee; Resolution No. 1261 was adopted unanimously.

Item 3: Resolution No. 1262

Resolution No. 1262 authorizes the issuance of State of Washington Various Purpose General Obligation Refunding Bonds, in a principal amount not to exceed \$1,577,835,000, and State of Washington Motor Vehicle Fuel Tax and Vehicle Related Fees General Obligation Refunding Bonds, in a principal amount not to exceed \$889,935,000, for the purpose of refunding certain outstanding Various Purpose General Obligation Bonds, Various Purpose General Obligation Refunding Bonds, Motor Vehicle Fuel Tax General Obligation Bonds, and Motor Vehicle Fuel Tax General Obligation Refunding Bonds of the state; making certain other provisions with respect to the payment of the principal of and interest on the bonds; approving the form of a refunding escrow agreement with respect to the bonds to be refunded; and providing for other matters properly related thereto. Resolution No. 1262 also authorizes the Deputy State Treasurer to establish the method of sale of bonds and the State Treasurer to adopt bond sale resolutions.

Chair Pellicciotti asked if there were any questions regarding Resolution No. 1262.

Hearing no questions, the Chair asked for a motion to approve Resolution No. 1262.

Motion – Lieutenant Governor Heck; Second – Governor Inslee; Resolution No. 1262 was adopted unanimously.

Item 4: Resolution No. 1263

Resolution No. 1263 amends and restates Resolution 1250, approving and establishing a revised finance plan and the maximum aggregate principal amount of financing contracts and certificates of participation of the State to be outstanding in the 2021-23 Biennium at \$1,660,191,000. Resolution No. 1263 also approves any refinancing contract (including issuance of refunding certificates of participation) to be entered into for the purpose of achieving interest cost savings in accordance with the Committee's Debt Issuance Policy savings threshold.

Chair Pellicciotti asked if there were any questions regarding Resolution No. 1263.

Hearing no questions, the Chair asked for a motion to approve Resolution No. 1263.

Motion – Lieutenant Governor Heck; Second – Governor Inslee; Resolution No. 1263 was adopted unanimously.

Item 5: Informational Item: Bond sales update

Mr. Richter provided a bond sales and market update.

- **Bond and COP Issuance**
Since the last SFC Bond Sales and Market Update on July 14, 2021, the State has sold nine series of bonds and three series of certificates of participation (COPs), totaling over \$3.3 billion
- **Refunding Savings**
Of the nine series of bonds sold since our last meeting, five series were refundings, which are bonds issued to refinance existing debt. Over the last ten years, these refundings reduced the state's debt service costs by more than \$1.59 billion on a nominal basis and around \$1.31 billion on a present value basis. During fiscal year 2022, this equates to \$170.6 million in debt service savings, or \$146.1 million on a present value basis.
- **Future New Money Issuances**
The State plans to sell new money bonds on July 19, 2022, and anticipates additional issuances in the fall of 2022 and in the beginning of 2023 to finance Capital Budget and Transportation Budget projects. The size and timing of these issuances will be primarily dependent upon the State's cash-flow needs.
- **Future Refundings**
In addition to new money financings, OST actively monitors the State's debt portfolio for refunding opportunities.
- **Market Update**
The current Bond Buyer 20-Bond Index (BBI) now stands at 3.57% (as of June 16, 2022), which is 148 basis points higher than a year ago (June 17, 2021).

Item 6: Public Comment

Chair Pellicciotti opened the meeting up for public comment. There was no public comment provided.

Chair Pellicciotti noted that since SFC meetings generally occur on a semi-annual basis, there would be greater transparency and the public would benefit from being able to review draft minutes online in advance of their

formal approval at the next scheduled SFC meeting. Governor Inslee and Lieutenant Governor Heck joined Chair Pellicciotti in the view that draft meeting minutes should be posted online as soon as possible after each meeting, before being approved and finalized at the next SFC meeting, so as to better advise the public on SFC activities.

Having no further business before the State Finance Committee, Chair Pellicciotti adjourned the meeting at 1:51 PM.

STATE FINANCE COMMITTEE STATE OF
WASHINGTON

By _____
Mike Pellicciotti
State Treasurer and Chair

By _____
Jay Inslee
Governor and Member

By _____
Denny Heck
Lieutenant Governor and Member

ATTEST:

Jason P. Richter,
Deputy State Treasurer and Secretary

- SECTION 2 -

State Finance Committee

November 29, 2022, Meeting



State of Washington
STATE FINANCE COMMITTEE

MIKE PELLICCIOTTI, Chair
State Treasurer
JAY R. INSLEE
Governor
DENNY HECK
Lieutenant Governor

November 29, 2022

MEMORANDUM

TO: The Honorable Mike Pellicciotti
The Honorable Jay R. Inslee
The Honorable Denny Heck

FROM: Jason P. Richter
Deputy State Treasurer

RE: Proposed Resolution No. 1266 – Appoints a Fiscal Agent for the state and its political subdivisions

Proposed Resolution No. 1266 appoints U.S. Bank Trust Company, National Association (“US Bank”) to act as the state’s fiscal agent. The purpose and the background for the resolution are summarized below.

Resolution Purpose. Proposed Resolution No. 1266 appoints US Bank to act as the state’s fiscal agent pursuant to RCW 43.80.120 and requires the Office of the State Treasurer (“OST”) to carry out all matters associated with such appointment, including carrying out the responsibilities of the State Finance Committee (“Committee”) as set forth in chapter 43.80 RCW.

Background. Pursuant to RCW 43.80.120, the Committee is responsible for designating a fiscal agent(s) for the state and its subdivisions by any method it deems appropriate, taking into consideration the best interests of the state and its subdivisions.

The fiscal agent provides services related to bond and COP financings for the state and approximately 270 local Washington issuers on nearly \$70 billion of outstanding obligations (please see Exhibit A). These services include acting as paying agent, local paying agent, registrar, and transfer agent, as well as executing mandatory and optional calls. During calendar year 2021, the fiscal agent set up 154 new issues on its system.

By combining fiscal agent services for state and local subdivisions into the same contract, the fiscal agent agreement (“Agreement”) provides economies of scale and lower financing costs for all issuers. This arrangement is unique in that, for most other states, fiscal agents are typically engaged separately by each issuer. Exhibit B provides a list of the top ten trustee banks (fiscal agents). Overall, the industry is heavily consolidated with two top providers, followed by several smaller providers.

Recent History. On September 4, 2014, the Committee approved Resolution No. 1160 appointing US Bank as the fiscal agent, for a term starting February 1, 2015, through January 31, 2019. On November 13, 2018, the Committee approved Resolution No. 1219, extending the Agreement through January 31, 2023.

Sections 5.1.3 and 5.1.4 of the Agreement grant the state the right to extend the term of the Agreement to allow time to enter into a replacement contract and transition fiscal agency services to this replacement contract. On October 11, 2022, the state extended the contract through June 30, 2023, to better align the billing period of the current contract, as well as the subsequent contract, with participant budgetary periods.

RFP Process. With the expiration of the current contract approaching, OST started the public solicitation process in early 2022. OST began this task by surveying the state and local government participants covered by the current fiscal agent agreement, requesting feedback on their satisfaction with US Bank, the current provider, on various aspects of their service. A strong majority of the respondents were either very satisfied or satisfied with the current provider.

The Committee's Debt Issuance Policy, adopted May 24, 1996, and later amended on January 25, 2011, requires the State Treasurer to conduct a competitive evaluation of proposals submitted in response to a request for proposals ("RFP") while taking into consideration certain specified criteria. The State Treasurer is then required to submit to the Committee a recommendation for the appointment of a fiscal agent(s).

On June 17, 2022, OST released its Request for Proposals for Washington State Fiscal Agency Services, which included as attachments the proposed fiscal agent agreement contract. In response to this solicitation, OST received one response, which was from US Bank.

Recommendation. OST recommends, and the State Treasurer concurs, that US Bank be designated the state's fiscal agent for the four-year term starting July 1, 2023 and ending June 30, 2027. US Bank has provided excellent services to the state and its political subdivisions, with low overall costs. US Bank's fees will stay fixed for the duration of the four-year contract.

While we would have preferred to see more than one response to the RFP, the results are largely explained by consolidation in the industry, the large size of the contract, and the strong performance of US Bank over the previous six years. In general, US Bank's proposal was very strong, with modest fee increases. As the fee structure and other terms of the Agreement remain largely unchanged from the prior contract, we expect that US Bank's high level of service will continue without interruption or the need for training on a new system for both the state and its political subdivisions.

Exhibit A – Fiscal Agent Summary Statistics

Reporting Year: 2021

Total Number of Obligors	268
Total Number of Issuers	646
Principal Outstanding	
Book Entry Outstanding	68,503,237,991.00
Registered Outstanding	1,011,442,703.00
Commercial Paper Issues Outstanding	233,075,000.00
Total Outstanding	69,747,755,694.00
Current Number of Issues Outstanding	
Fixed Rates	
Book Entry Fixed Rate Issues	1,613
Non-Book Fixed Rate Issues – Small	418
Non-Book Fixed Rate Issues – Intermediate	38
Non-Book Fixed Rate Issues – Large	3
Total Non-Book Entry Fixed Rate Issues	459
Total Fixed Rate Issues	2,072
Variable Rate Issues	
Variable Rate Book and Non-Book Issues	31
Auction Rate	0
Commercial Paper	7
Total Variable Rate Issues	38
Lease Issues	
Total Number Lease Issues – Small	133
Total Number Lease Issues – Intermediate	43
Total Number Lease Issues – Large	0
Total Lease Issues	176
Total Issues Outstanding	2,286
New Book Entry and Non-Book Entry	
Total Number New Book Issues	121
Total Number New Non-Book Issues	29
Total Number New Commercial Paper Issues	4
Percentage New Issues in Book Entry	80.67%
Total New Issues	154

Office of the State Treasurer

Exhibit B – Top Trustee Banks, 2021 (The Bond Buyer)

Top Trustee Banks

Full Year 2021 - Ranked by Dollar Amount

Rank	Firm	Amount	Issues
1	US Bank NA	\$78,561.2	1,043
2	The Bank of New York Mellon	70,479.4	507
3	Wilmington Trust NA	14,496.4	187
4	Wells Fargo Bank	9,707.8	113
5	UMB Bank NA	8,345.3	302
6	Zions Bank	6,983.6	126
7	Regions Bank	5,742.8	95
8	BOKF NA	1,832.8	31
9	Banco Popular de Puerto Rico	1,712.4	4
10	Amalgamated Bank of Chicago	1,577.7	15

Dollar amounts are in millions. Rankings are final as of Jan. 21, 2022. Short-term notes, private placements, and deals not meeting Refinitiv's T+5 policy rule are excluded. Source: Refinitiv (AT8 league table)

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1266

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON TO APPOINT U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION TO ACT AS THE STATE'S FISCAL AGENT PURSUANT TO RCW 43.80.120 AND TO REQUIRE THE OFFICE OF THE STATE TREASURER TO CARRY OUT ALL MATTERS ASSOCIATED WITH SUCH APPOINTMENT INCLUDING, CARRYING OUT THE RESPONSIBILITIES OF THE STATE FINANCE COMMITTEE AS SET FORTH IN CHAPTER 43.80 RCW.

ADOPTED: NOVEMBER 29, 2022

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1266

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON TO APPOINT U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION TO ACT AS THE STATE'S FISCAL AGENT PURSUANT TO RCW 43.80.120 AND TO REQUIRE THE OFFICE OF THE STATE TREASURER TO CARRY OUT ALL MATTERS ASSOCIATED WITH SUCH APPOINTMENT INCLUDING, CARRYING OUT THE RESPONSIBILITIES OF THE STATE FINANCE COMMITTEE AS SET FORTH IN CHAPTER 43.80 RCW.

WHEREAS, the State Finance Committee ("Committee") is charged with appointing one or more responsible banks or trust companies to act as fiscal agent by any means it deems appropriate and in the best interests of the state and its subdivisions under RCW 43.80.120;

WHEREAS, the Committee adopted its Debt Issuance Policy ("Policy"), on May 24, 1996, and later amended it on January 25, 2011, setting forth the criteria under which a fiscal agent is to be proposed to the Committee for appointment;

WHEREAS, the Policy requires the Office of the State Treasurer ("OST") to conduct a competitive evaluation of banking entity submissions in response to a request for proposals taking certain factors into consideration and then to present a substantive evaluation and recommendation to the Committee;

WHEREAS, OST issued a request for proposals and received a single submission from U.S. Bank Trust Company, National Association ("US Bank"), which is the current fiscal agent;

WHEREAS, OST staff reviewed the submission for (i) demonstrated ability to support bank operations as prescribed by appropriate federal or state bank regulators; (ii) demonstrated ability to provide accurate and timely securities processing; (iii) demonstrated ability to make timely payments to bondholders; (iv) demonstrated ability to respond promptly and appropriately to bondholders and issuers; (v) demonstrated ability to provide services convenient to Washington bondholders; (vi) fees and expenses; and (vii) other considerations.

WHEREAS, OST has submitted its evaluation and recommendation to the Committee that the appointment of US Bank be continued for a new term.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE FOR AND ON BEHALF OF THE STATE AND ITS POLITICAL SUBDIVISIONS, that:

Section 1. The Committee has received the recommendation from OST that US Bank's appointment as fiscal agent be continued.

Section 2. The Committee concurs in OST's recommendation that US Bank's appointment as fiscal agent be continued.

Section 3. The Committee hereby continues US Bank's appointment as fiscal agent subject to the successful negotiation and execution of a new contract. The appointment is intended, in part, to implement a system of registration of ownership and transfer of ownership of bonds as authorized by RCW 43.80.125 and RCW 39.46.030.

Section 4. The Committee hereby directs the Treasurer to enter into a contract with US Bank on behalf of the Committee if the Treasurer determines that the terms are favorable to the state and its subdivisions. The Committee further directs the Treasurer to administer the contract, including, but not limited to making any amendments, alterations, or revisions as necessary for the operation of the contract without any further action of the Committee. Notwithstanding the foregoing, in no event shall the contract be extended beyond June 30, 2031 and extensions authorized by the contract without further action of the Committee.

Section 5. The Committee directs the Treasurer to make duplicate certificates documenting the fiscal agent appointment, cause them to be attested under the seal of the state, and file one copy of each certification in the office of the secretary of state and transmit the other to the bank or trust company designated and to fulfill any other obligations of the Committee under chapter 43.80 RCW.

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 29th day of November, 2022.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

By _____
Mike Pellicciotti
State Treasurer and Chair

By _____
Jay Inslee
Governor and Member

By _____
Denny Heck
Lieutenant Governor and Member

ATTEST:

Jason Richter, Deputy State Treasurer
and Secretary

CERTIFICATE

I, Jason Richter, the duly appointed, qualified and acting Deputy State Treasurer and Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1266 of such Committee, adopted at an open public meeting thereof held on this 29th day of November, 2022, after notice of such meeting was duly and regularly given as required by law, and that such resolution has been entered in the records of such Committee held on such date and remains in effect as of this date.

DATED: November 29, 2022.

Jason Richter
Deputy State Treasurer and Secretary
State Finance Committee

STATE FINANCE COMMITTEE

STATE OF WASHINGTON

AGREEMENT

FOR

FISCAL AGENCY SERVICES

July 1, 2023

Mike Pellicciotti

State Treasurer

Chairman, State Finance Committee

STATE OF WASHINGTON
STATE FINANCE COMMITTEE

AGREEMENT FOR
FISCAL AGENCY SERVICES
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Exhibits

Exhibit A -- Scope of Services

Exhibit B -- Schedule of Fees

Exhibit C -- Sample COP Trust Agreement Documents

STATE OF WASHINGTON
STATE FINANCE COMMITTEE
P.O. BOX 40200
OLYMPIA, WASHINGTON 98504-.0200

**AGREEMENT FOR
FISCAL AGENCY SERVICES**

TERMS AND CONDITIONS

1. INTRODUCTION

This Agreement is entered into as of [date], 2022, to become effective July 1, 2023, by and between the State Finance Committee, as agent of the state of Washington (the "State"), and U.S. Bank Trust Company, National Association, (the "Fiscal Agent").

WHEREAS the State issued a Request for Proposals ("RFP") dated June 17, 2022, for the purpose of obtaining proposals for Fiscal Agency Services; and

WHEREAS U.S. Bank Trust Company, National Association is the successful bidder;

The State, acting by and through the State Finance Committee, hereby awards this Agreement for Fiscal Agency Services to U.S. Bank Trust Company, National Association, subject to and in accordance with the terms set forth herein. This Agreement consists of the *Terms and Conditions, Exhibit A — Scope of Services, Exhibit B — Schedule of Fees*, and any subsequently adopted amendments, which by this reference are incorporated herein. This Agreement also contains *Exhibit C—Sample COP Trust Agreement Documents*. Exhibit C is attached for reference only, the terms of which do not constitute terms of this Agreement.

2. DEFINITIONS

Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth below:

- 2.1 "Agreement"** means this Agreement for Fiscal Agency Services between the Fiscal Agent and the State.
- 2.2 "Authorizing Documents"** means resolutions, trust indentures, ordinances, or any other legislative action authorizing the issuance of Bonds by an Issuer, and a bond purchase contract or certificate containing terms of the Bonds as applicable.
- 2.3 "Bonds"** means any agreement, which may or may not be represented by a physical instrument, including bonds, notes, anticipation notes, warrants,

financing contracts, or Certificates of Participation ("COPs"), that evidence an obligation of any Issuer or a fund thereof, where the Issuer agrees to pay a specified amount of money, with or without interest, at a designated time or times to either registered owners or bearers.

- 2.4 "Bond Holder"** means the registered owner or beneficial owner of Bonds.
- 2.5 "Business Day(s)"** means Monday through Friday, 8:00 AM to 5:00 PM, Pacific Time and on payment dates with automatic ACH payments, 6:00 AM to 5:00 PM, Pacific Time, except for holidays observed by the State or the Fiscal Agent.
- 2.6 "Calendar Day(s)"** means day reckoned from midnight to midnight.
- 2.7 "Due Care"** means the degree of care and skill demonstrated by agents acting in like capacity and in good faith.
- 2.8 "Exhibit A"** means the Scope of Services including any addenda attached thereto.
- 2.9 "Exhibit B"** means the Fiscal Agent's Schedule of Fees for all Services provided under this Agreement.
- 2.10 "Exhibit C"** means the Sample COP Trust Agreement Documents in the RFP and agreed to by the Fiscal Agent in Exhibit A. The documents contained in Exhibit C may be amended from time to time.
- 2.11 "Fiscal Agent"** is U.S. Bank Trust Company, National Association pursuant to Chapter 43.80 RCW, which has entered into this Agreement with the State. Except for purposes of Section 3.12, the term "Fiscal Agent" shall also include any subsidiary, affiliate, agent, Subcontractor, representative or employee retained by the Fiscal Agent as permitted under the terms of this Agreement.
- 2.12 "Fiscal Agent's Account Manager"** means an employee of Fiscal Agent who is assigned as the **primary** contact person for purposes of the Agreement.
- 2.13 "Issuer"** means the State, any county, city, town, special purpose district, political **subdivision**, municipal corporation, public authority or agency, or quasi-municipal corporation of the State, including any public corporation created by such an entity, when using the State's selected Fiscal Agent in connection with the issuance of Bonds.
- 2.14 "Laws and Regulations"** means all applicable laws, codes, ordinances, rules, restrictions, regulations, and orders of the Federal, State, regional, or any local government, and any judicial or administrative order or decree in effect as of the commencement date of this Agreement or any time thereafter during the term of this Agreement.

- 2.15 "LOCAL Participant"** means a local government participating in the State's Certificate of Participation program as described in the Scope of Services.
- 2.16 "Permitted Investments"** means
- a) Any debt obligation issued by the U.S. government, its agencies or instrumentalities;
 - b) Certificates of deposit where the certificates are collaterally secured by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest, but this collateral is not required to the extent the certificates of deposit are insured by an agency of the Government;
 - c) Repurchase agreements when collateralized by securities of the type described in clause (a) of this definition and held by a third party as escrow agent or custodian, of a market value not less than the amount of the repurchase agreement so collateralized, including interest;
 - d) Money market funds that invest solely in obligations of the United States, its agencies and instrumentalities, and having a rating by a Nationally Recognized Rating Agency at least equivalent to, or higher than, the rating of the United States Government; and
 - e) Legal investments of the State that preserve principal and meet prudent investment standards.
- 2.17 "Notice of Termination"** means a written notice provided by the State Contract Administrator terminating this Agreement.
- 2.18 "Payor"** means any governmental entity (typically a county acting as treasurer for a special district) that acts on behalf of an Issuer to make scheduled Bond payments.
- 2.19 "Prior Fiscal Agent"** means U.S. Bank National Association.
- 2.20 "RCW"** means the Revised Code of Washington.
- 2.21 "Services" or "Fiscal Agency Services"** means and includes all of the services to be performed by the Fiscal Agent pursuant to this Agreement, including those listed in Exhibit A.
- 2.22 "State Contract Administrator"** means the State Treasurer

- 2.23** "State Contract Manager" means the Deputy State Treasurer for Debt Management or his or her designee.
- 2.24** "State COP Program" means the Certificate of Participation Program administered by the State Treasurer for the purchase of real and personal property on behalf of State agencies and LOCAL Participants.
- 2.25** "Subcontractor" means any person or entity **not** in the employment of the fiscal agent, who is performing all or part of the Services under this Agreement.
- 2.26** "WAC" means the Washington Administrative Code.
- 2.27** "Website " means the internet-accessible information and online applications and user interfaces maintained by the Fiscal Agent for the benefit of all **Issuers** and **Payors** under this Agreement in accordance with the Scope of Services set forth in Exhibit A.
- 2.28** "Working Balances" means all funds received by the Fiscal Agent for the payment of principal of and interest on **Bonds** prior to payment dates and all uncashed Bond owner checks. Working Balances include: balances held by the Fiscal Agent as of the date received until actually drawn down after Bond owner checks are presented to the Fiscal Agent for payments made by Issuers/Payors for payments in advance of the payment date; balances attributable to un-presented Bonds; collected funds held including the "float" earnings resulting from uncashed registered and bearer Bond interest checks on funds held in Fiscal Agent's accounts; amounts returned by any depository as a result of wire payment; and any earnings resulting from payment of any depository or Bond owner in clearinghouse funds.

3. GENERAL PROVISIONS

3.1 ENTIRE AGREEMENT

This Agreement, which includes these Terms and Conditions, and all attachments, exhibits, except Exhibit C, and amendments thereto, constitutes the entire agreement between the Fiscal Agent and the State and no other statements or representations, written or oral, shall be deemed a part thereof. Exhibit C is attached for reference purposes only.

3.2 AMENDMENTS

This Agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties. All amendments, addenda, and

orders signed during the life of this Agreement shall be governed by this Agreement. The parties further agree that additional Services, appropriate to the scope of this Agreement, may be added to this Agreement only by an instrument in writing and with the written consent of both parties. Such writing shall include a specific description of the additional Services, pricing, and additional terms and conditions as relevant. The additional Services shall be available under the same terms and conditions established herein except as specifically amended between the parties.

3.3 NOTICES AND COMMUNICATIONS

3.3.1 Third Party Communications. The Fiscal Agent shall provide communications to Bond owners, rating agencies, the Municipal Securities Rulemaking Board, bond insurers, securities depositories, escrow agents, Payors and other entities upon request of any Issuer or Payor or as required by the Authorizing Documents.

3.3.2 Notices Between the Parties. Any notice or demand which, under this Agreement or applicable Laws and Regulations, must or may be given by the Fiscal Agent or the State shall be in writing, properly addressed and, as an alternative to personal delivery, made by the most expeditious means available, with regard given to the time sensitivity of notice or demand being made.

To the Fiscal Agent:

U.S. Bank Trust Company,
National Association
Attention: Global Corporate Trust
111 Southwest 5th Avenue
Portland, OR 97024

To the State:

Office of the State Treasurer
State of Washington
Attention: Deputy State Treasurer
for Debt Management
Legislative Building, Room 230
P.O. Box 40200
Olympia, WA 98504-0200

3.4 PERSONAL LIABILITY

It is agreed by and between the parties hereto that in no event shall any official or employee of the State or the Fiscal Agent (and including the officers or employees of any Subcontractor) be in any way personally liable or responsible for any covenant or agreement herein contained, whether expressed or implied, nor for any statement or representation made herein or in any connection with this Agreement.

3.5 INDEMNIFICATION

- 3.5.1** The Fiscal Agent agrees to indemnify, defend, and hold harmless the State and all of its agencies, boards, commissions, officials, agents, employees and authorized volunteers for any claim arising out of or incident to Fiscal Agent's negligence, fraud, or failure to exercise Due Care in the Fiscal Agent's performance or failure to perform under this Agreement.
- 3.5.2** The Fiscal Agent agrees to be responsible to any Issuer/Payor for all losses, including reasonable attorneys' fees, suffered by such Issuer/Payor which may be caused by the negligence, fraud, or failure to exercise Due Care in the Fiscal Agent's performance of its duties under this Agreement, including but not limited to all losses, including attorneys' fees, which relate to or result from claims brought by third parties.
- 3.5.3** Issuers agree to be responsible to the Fiscal Agent for losses, including reasonable attorneys' fees, suffered by the Fiscal Agent which may be caused by the default or bankruptcy of the Issuer, including but not limited to all losses, including attorneys' fees, which relate to or result from claims brought by third parties.
- 3.5.4** Nothing in this Section 3.5 shall be construed to mean that either party is prevented from commencing a legal action against the other.

3.6 INTERPRETATION AND SEVERABILITY

- 3.6.1** The headings used in this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions.
- 3.6.2** If any provision of this Agreement is deemed to conflict with any statute or rule of law, that provision shall be deemed modified to conform to the statute or rule of law.
- 3.6.3** In the event of any inconsistency in this Agreement, the inconsistency shall be resolved in the order of precedence stated below:

Applicable Laws and Regulations.

Amendments to this Agreement (in order of most recent to least recent).

The Terms and Conditions of this Agreement.

Exhibit A — Scope of Services.

Exhibit B — Schedule of Fees.

3.6.4 Any provision of this Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remainder of this Agreement.

3.6.5 If the Fiscal Agent is not able to comply with the Authorizing Documents because they conflict with either this Agreement or Laws and Regulations, the Fiscal Agent will promptly notify the Issuer/Payor and the State Contract Manager.

3.7 WAIVER

In the event of any breach of contract, no provision in this Agreement shall be construed, expressly or by implication, as a waiver by the State of any right to insist upon the strict performance of any term or condition of this Agreement or to exercise or delay the exercise of any right or remedy provided in this Agreement or by law, or as the acceptance of (or payment for) services, or to release the Fiscal Agent from any responsibilities or obligations imposed by this Agreement or by law. Acceptance by the State of breach, or of unsatisfactory or deficient performance, with or without objection or reservation, shall neither waive the right to claim damages for breach nor constitute a waiver of requirements for complete and satisfactory performance of any obligation remaining to be performed by the Fiscal Agent.

3.8 CERTAIN COMPLIANCE REQUIREMENTS

3.8.1 Minimum Requirements. At all times during the term of this Agreement, the Fiscal Agent must:

- (a) Have paid-up capital and surplus of not less than \$100,000,000;
- (b) Be a member of the Federal Reserve System and applicable automated clearing houses;
- (c) Be a Depository Trust Company participant and Fast Automated Securities Transfer agent; and
- (d) Be a corporation, authorized to execute corporate trust powers in the state of Washington and in the Fiscal Agent's state of domicile.

3.8.2 Gifts and Gratuities. The Fiscal Agent expressly acknowledges and agrees to comply with RCW 39.26.020(2), which provides in pertinent part that it is unlawful for the Fiscal Agent to give, loan, transfer or deliver to any person something of economic value, receipt of which could cause a State or local government officer or employee to be in violation of State ethics laws applicable to state or local government officers or employees.

3.9 ISSUERS/PAYORS

3.9.1 The parties agree that all Issuers/Payors are intended third-party beneficiaries under the terms of this Agreement, but such third-party beneficiary status is limited. When an Issuer/Payor alleges the Fiscal Agent has breached the terms of this Agreement with respect to an Issuer/Payor, and the Issuer/Payor and the Fiscal Agent cannot agree to an appropriate remedy under this Agreement, the State may, at its discretion, bring a cause of action for breach on behalf of the Issuer/Payor, elect to not bring a cause of action, or allow the Issuer/Payor to bring on its own a cause of action for breach.

In no event will the Fiscal Agent be responsible for the acts or omissions of the Prior Fiscal Agent and no action may be brought against the Fiscal Agent for such acts or omissions.

3.9.2 Any Issuer and/or Payor that utilizes the services of the Fiscal Agent pursuant to the terms of this Agreement agrees to be bound by the terms of Paragraph 3.5.3, 4.3 and 6.3. In the event a dispute arises between an Issuer and/or Payor and the Fiscal Agent in connection with this Agreement, the Fiscal Agent will notify the State Contract Administrator. No independent action may be taken by the Fiscal Agent against an Issuer and/or Payor, other than the State, before ninety (90) Calendar Days after such notice has been given to the State Contract Administrator indicating that the Fiscal Agent intends to take independent action; provided, however, the failure to give such notice or any deficiency in such notice shall not extinguish, diminish or otherwise prejudice any claim or cause of action the Fiscal Agent may have against an Issuer and/or Payor.

3.10 ACTS OR OMISSIONS OF PRIOR FISCAL AGENT

With respect to any claim or lawsuit brought by a third party resulting from the acts or omissions of the Prior Fiscal Agent, the State agrees to cooperate with the Fiscal Agent by exercising any right the State has under Section 3.5 of the Amended and Restated Agreement for Fiscal Agency Services effective February 1, 2015, between the State and the Prior Fiscal Agent against the Prior Fiscal Agent.

3.11 GOVERNING LAW AND VENUE

This Agreement shall be governed in all respects by, and construed in accordance with, the laws of the state of Washington. The venue of any action hereunder shall be exclusively in the Superior Court for Thurston County, Washington.

3.12 ASSIGNMENT

The Fiscal Agent shall not assign any of its rights or obligations under this Agreement without the prior written consent of the State Contract Administrator in his or her sole discretion. Any purported assignment without the prior written consent of the State Contract Administrator may, at the State's sole discretion, declare the assignment null and void.

3.13 SUBCONTRACTING

Consistent with all other terms of this Agreement including the Services described in Exhibit A, the Fiscal Agent may subcontract for the performance of all or any part of its duties and obligations under this Agreement, provided that (a) any Subcontractor must agree to be bound to the same extent as the Fiscal Agent by all of the provisions of this Agreement and (b) the Fiscal Agent shall remain jointly and severally liable with all Subcontractors. The Fiscal Agent shall enter into such a subcontract only after receiving prior and specific written authorization from the State Contract Administrator upon at least 30 days' notice of the proposed subcontract, provided, however, that failure to obtain such advance written authorization shall not relieve either the Fiscal Agent or the Subcontractor from any of its obligations under this Agreement. In no event shall the existence of a subcontract operate to release or reduce the liability of the Fiscal Agent for any breach or deficiency in the performance of the Fiscal Agent's duties under this Agreement. The Fiscal Agent further agrees to indemnify, defend, and hold harmless the State and all Issuers/Payers, from and against acts or omissions of all Subcontractors and all Subcontractors' employees and agents in the manner set forth in Section 3.5.

3.14 INDEPENDENT CAPACITY

The parties intend that an independent contractor relationship will be created by this Agreement. The Fiscal Agent and its employees and agents performing under this Agreement are not employees of the State. The Fiscal Agent will not hold itself out as nor claim to be an officer or employee of the State by reason hereof, nor will the Fiscal Agent make any claim of right, privilege or benefit which would accrue to such employee or agent under law. Conduct and control of the work will be solely with the Fiscal Agent.

4. FISCAL AGENCY SERVICES

4.1 SERVICE SPECIFICATIONS

The Fiscal Agent agrees to provide the Services as set forth in Exhibit A, on the terms set forth in this Agreement and any amendments hereto.

4.2 NO GUARANTEE OF VOLUMES

Since transaction volumes may be impacted by legislative changes, the discretion of the State and Payors to act as their own fiscal agent, and other factors, the State cannot guarantee transaction volumes over the life of this Agreement. The Fiscal Agent agrees that the transaction volumes that were provided in the RFP are not guaranteed over the life of this Agreement.

4.3 INFORMATION SUPPLIED TO FISCAL AGENT

When using the services of the Fiscal Agent, Issuers, or others on behalf of Issuers, will, absent extraordinary circumstances, provide, or cause to be provided, to the Fiscal Agent:

- (a) Copies of Authorizing Documents, and official statements or limited offering or private placement memoranda, if any, a minimum of three Business Days prior to closing;
- (b) A supply of printed or electronic certificates deemed adequate by the Fiscal Agent, in consultation with Bond counsel and underwriter, a minimum of three Business Days prior to closing;
- (c) A list of registered owners, with addresses and tax identification numbers, and principal amounts and denominations of Bonds, a minimum of three Business Days prior to closing;
- (d) Resolution or letter of instructions directing the authentication and delivery of Bonds by the Fiscal Agent, a minimum of three Business Days prior to closing;
- (e) A complete transcript; and
- (f) CUSIP numbers.

4.4 ACCEPTANCE OF COP TRUST AGREEMENTS ENTERED INTO BY PRIOR FISCAL AGENT

Upon successful transition of the Services to Fiscal Agent, Fiscal Agent agrees to accept all outstanding COP Trust Agreements entered into by the Prior Fiscal Agent.

4.5 OTHER SERVICES FOR STATE, PAYORS AND ISSUERS

Nothing in this Agreement shall preclude the State, any Issuer, or any Payor from contracting separately with the Fiscal Agent for services not within the scope of this Agreement.

4.6 SERVICES ASSOCIATED WITH PAYMENTS AND OTHER ACTIVITIES OCCURRING ON OR AFTER JULY 1, 2023.

Prior to the effective date of the Agreement, U.S. Bank Trust Company, National Association will take such action necessary, including but not limited to billing for debt service payments that will occur on or after July 1, 2023, to ensure the Payor's are timely notified of payment requirements and remittance instructions for principal and interest payments occurring on or after July 1, 2023.

5. AGREEMENT TERM AND TERMINATION

5.1 TERM OF AGREEMENT AND SURVIVAL OF TERMS

5.1.1 The initial term of this Agreement shall be for four years unless otherwise terminated in accordance with this Agreement. The initial term shall commence on July 1, 2023, and end on June 30, 2027.

5.1.2 Upon mutual agreement, as evidenced by a formally executed Amendment to this Agreement, this term may be renewed for additional periods not to exceed four years, for a maximum length of eight years.

5.1.3 Upon the expiration of the initial term of this Agreement plus any extension(s) pursuant to Section 5.1.2, if the State has not entered into a replacement contract for fiscal agency services and completed the transition and unwinding of the Services under this Agreement to its satisfaction, the State shall have the right to extend this Agreement by written notification to the Fiscal Agent until such time as a replacement contract has been entered into and the transition and unwinding of the Services under this Agreement are completed.

5.1.4 Upon any expiration or termination of this Agreement and the selection of another fiscal agent by the State, the State shall have the right to extend this Agreement for up to an additional one year to permit the appropriate transition and unwinding of the Services under this Agreement.

5.2 TERMINATION AND REMEDIES

5.2.1 Termination for Convenience. The State may terminate this Agreement, in whole or in part, at any time and for any reason by giving 120 Calendar Days' written termination notice to the Fiscal Agent.

5.2.2 Termination for Reduction in Funding or Withdrawal of Authority. In the event that any funding from the State or Issuer/Payor is withdrawn,

reduced, or limited, or the authority of the State to perform any of its duties is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to its normal completion, the State may terminate this Agreement, in whole or in part, at any time by giving 60 Calendar Days' written termination notice to the Fiscal Agent.

5.2.3 Termination for Breach. The State shall be entitled, by written notice stating the date of termination, to cancel this Agreement in its entirety or in part for breach of any of the terms herein, and to retain all other rights against the Fiscal Agent by reason of the Fiscal Agent's breach as provided by law.

A "breach" means one or more of the following events:

- (1) The Fiscal Agent fails to perform the Services in the manner or by the time and date required;
- (2) The Fiscal Agent fails to perform or comply with any term in this Agreement;
- (3) The Fiscal Agent fails to exercise Due Care as to any aspect of this Agreement;
- (4) The Fiscal Agent makes any general assignment for the benefit of creditors;
- (5) The Fiscal Agent becomes insolvent or in an unsound financial condition so as to endanger performance hereunder;
- (6) The Fiscal Agent becomes the subject of any proceeding under any law relating to bankruptcy, insolvency or reorganization or relief from debtors;
- (7) Any receiver, trustee or similar official is appointed for the Fiscal Agent or any of the Fiscal Agent's property; or
- (8) The Fiscal Agent no longer meets the minimum requirements in Section 3.8.1.

If it is subsequently found that the Fiscal Agent was not in breach, the rights and obligations of the parties shall be the same as if a notice of termination had been issued pursuant to Section 5.2.1.

The State Contract Administrator reserves the right to issue a written notice of breach and provide the Fiscal Agent a reasonable opportunity to cure. Time allowed for cure shall not diminish or eliminate the Fiscal Agent's liability for damages.

If the breach remains, after the Fiscal Agent has been provided an opportunity to cure, the State may do one or more of the following:

- (1) Exercise any remedy provided by Laws and Regulations;
- (2) Terminate this Agreement and any related contracts or portions thereof, by written notice; and
- (3) Seek damages.

5.2.4 Termination by Mutual Agreement. The State and the Fiscal Agent may terminate this Agreement in whole or in part, at any time, by mutual agreement.

5.2.5 Termination for Merger or Acquisition. The Fiscal Agent may propose the substitution of another qualified organization to act as Fiscal Agent under this Agreement in the event of a merger or acquisition involving the Fiscal Agent, provided that the proposed successor fiscal agent can meet all required terms of this Agreement and that the State Contract Manager is given written notice by the Fiscal Agent, not less than 60 Calendar Days prior to the effective date of such merger or acquisition. In this event, the successor fiscal agent shall agree to be bound by all terms of this Agreement and provide an automatic continuation of Services to be rendered under this Agreement. The State reserves the right to terminate the Agreement in the event a successor Fiscal Agent is substituted,

5.2.6 Termination Procedure. In addition to the procedures set forth below, if the State terminates this Agreement, the Fiscal Agent shall follow any additional procedures the State specifies in its Notice of Termination.

Upon termination of this Agreement, the State, in addition to any other rights provided in this Agreement, may require the Fiscal Agent to deliver to the State any property specifically produced or acquired for the performance of this Agreement. The rights and remedies of the State or Issuers/Payors provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

5.2.7 Termination-Related Duties. No later than 120 Calendar Days prior to the expiration of the initial four-year term of this Agreement, and 120 Calendar Days prior to the expiration of any extension to this Agreement, or upon written notice of termination in accordance with this Agreement, the Fiscal Agent shall take all available measures to facilitate and ensure an orderly and efficient transition to any successor Fiscal Agent designated by the State, and the Fiscal Agent shall at all times cooperate and coordinate with the State and such successor fiscal agent(s) to ensure the uninterrupted provision of Services to Issuers/Payors. Such

cooperation and coordination may require additional transition responsibilities beyond the termination of this Agreement. The Fiscal Agent agrees to coordinate with the State, in good faith, to permit a limited extension of this Agreement (per Section 5.1.5) to facilitate the unwinding of this Agreement.

5.3 CONFLICT OF INTEREST

The Fiscal Agent warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with its performance of Services required under this Agreement. The Fiscal Agent shall promptly notify the State of any potential or anticipated conflict of interest with the Fiscal Agent's performance of Services under this Agreement. If such conflict cannot be resolved to the State's satisfaction, the State reserves the right to immediately terminate this Agreement.

6. CONTRACT ADMINISTRATION

6.1 STATE CONTRACT ADMINISTRATION

6.1.1 The State Contract Administrator will manage this Agreement on behalf of the State. The State Contract Administrator has designated the Deputy State Treasurer for Debt Management to act as the State Contract Manager. The State will notify the Fiscal Agent, in writing, in the event that there is a change in staffing and a new State Contract Administrator or State Contract Manager is assigned to this Agreement.

6.1.2 The State Contract Manager will be the principal point of contact for the Fiscal Agent on all matters pertaining to the contract. The State Contract Manager will manage the day-to-day operations of the Agreement.

6.2 FISCAL AGENT CONTRACT ADMINISTRATION

The Fiscal Agent shall appoint an individual who will be the Fiscal Agent's Account Manager for the State account. The Fiscal Agent's Account Manager will be the principal point of contact for the State concerning the Fiscal Agent's performance hereunder. The Fiscal Agent's Account Manager will also serve as the focal point for business matters, support coordination, and administrative activities. The Fiscal Agent shall timely notify the State, in writing, if a new Fiscal Agent's Account Manager is assigned.

6.3 PAYMENT

Issuers/Payers shall pay the Fiscal Agent in accordance with the schedule set forth

in Exhibit B of this Agreement. The Fiscal Agent shall bill Issuers/Payors annually for administrative services pursuant to the following conditions:

- (a) The billing period for administrative fees will be July 1 through June 30 and will be as of the first day service is to be provided;
- (b) Invoices will be posted on the CID each year during the month of July, but in no event later than October 31 of the current billing period;
- (c) Issues that close after July 1 will be billed on the next scheduled billing cycle as follows: 1) in arrears from the date of closing through June 30, and 2) from July 1 through June 30 for the then current billing cycle;
- (d) Issues that are not administered for a full year of service, but are charged for a full year of service will be prorated and any refund owed to an issuer will be applied based on the number of days service is provided and will be refunded at the time of the next billing cycle;
- (e) Administrative fees billed hereunder are fees for services provided by the Fiscal Agent throughout the year and will only be charged for periods in which service is provided notwithstanding the manner and timing of the billing cycle.

The Fiscal Agent is responsible for the timely billing of administrative fees. In the event invoices for administrative fees due are not posted by October 31, the Fiscal Agent waives its right to payment for that year.

Except as otherwise provided herein, fees shall be due and payable within 60 Calendar Days after receipt of properly prepared and submitted invoices. Failure to pay fees when due may result in interest being added in accordance with [Chapter 39.76 RCW](#).

In no event will the State be responsible to the Fiscal Agent for payment of any fees, administrative or otherwise, owed hereunder by any other Issuer and/or Payor, other than those incurred by the State as Issuer and/or Payor.

Notwithstanding anything to the contrary in this Agreement, Issuers/Payors shall have the right to deduct and set off any amounts owed by the Fiscal Agent against amounts that would otherwise be payable in accordance with Exhibit B.

6.4 TAXES AND OTHER EXPENSES

It is mutually agreed and understood that all payments accrued on account of payroll taxes, unemployment contributions, any other taxes, insurance or other expenses for the Fiscal Agent's staff shall be the sole liability of the Fiscal Agent.

6.5 NOTICE OF MATERIAL CHANGES IN BUSINESS OPERATIONS

The Fiscal Agent will notify the State Contract Administrator of any internal changes to the Fiscal Agent's business, including but not limited to staffing changes, that impact the way in which services are delivered under this Agreement.

7. FISCAL AGENT RESPONSIBILITIES

7.1 RESPONSIBILITY OF FISCAL AGENT TO ACT WITH DUE CARE

The Fiscal Agent shall exercise Due Care in performing its Services hereunder.

7.2 CONFIDENTIALITY OF STATE AND ISSUER RECORDS

7.2.1 The Fiscal Agent acknowledges that documents and information of the State, Issuers and Payors that have or will come into its possession or knowledge in connection with this Agreement, or its performance of Services hereunder, may include confidential and proprietary data, the disclosure of which to, or use by, third parties could be damaging.

7.2.2 The Fiscal Agent agrees to hold all such documents and information identified to the Fiscal Agent as confidential and proprietary in strictest confidence, to make use thereof only for the performance of Services under this Agreement, to release it only to authorized employees of the Fiscal Agent (or of a Subcontractor) requiring such information, and not to release, sell or disclose it to any other party.

7.2.3 Notwithstanding anything to the contrary in the preceding provisions of this Section 7.2, the Fiscal Agent may release the material and information described in this Section 7.2 to its internal and external auditors (whether employees of the Fiscal Agent or others) for official use and to a governmental agency that regulates the Fiscal Agent (whether in routine disclosures or in connection with such agency's inquiry about or examination of the Fiscal Agent's records or otherwise) and may also release it pursuant to a subpoena or other order issued by a court of competent jurisdiction or otherwise as required by Laws and Regulations. The Fiscal Agent shall promptly notify the State and any other Issuer/Payor involved of any such subpoena or order upon its receipt, unless prohibited by Laws and Regulations.

7.3 REGISTRATION WITH THE DEPARTMENT OF REVENUE

The Fiscal Agent shall complete registration with the Department of Revenue, General Administration Building, Olympia, Washington 98504, and be responsible for payment of all taxes due on payments made under this Agreement.

7.4 LICENSING AND ACCREDITATION STANDARDS

The Fiscal Agent shall comply with all applicable local, state, and federal licensing requirements and standards necessary in the performance of this Agreement.

7.5 INSURANCE

7.5.1 Workers' compensation insurance coverage. The Fiscal Agent shall provide or purchase applicable workers' compensation insurance coverage prior to performing work under this Agreement. The State will not be responsible for payment of industrial insurance premiums for the Fiscal Agent, or any Subcontractor or employee of the Fiscal Agent, which might arise under the workers' compensation insurance laws during performance of duties and Services under this Agreement. Should the Fiscal Agent fail to secure workers' compensation insurance coverage or fail to pay premiums on behalf of employees, the State may deduct the amount of premiums owing from the amounts payable to the Fiscal Agent under this Agreement and transmit the same to the appropriate workers' compensation insurance fund.

7.5.2 The Fiscal Agent shall maintain and keep current all insurance policies set forth in the Fiscal Agent's RFP Response for the entire term of this Agreement

The following language from the Fiscal Agent's RFP Response is restated below and incorporated into this Agreement:

[To be determined, based on contractor's proposal.]

7.6 PUBLICITY

7.6.1 The award of this Agreement to the Fiscal Agent is not in any way an endorsement of the Fiscal Agent or its products by the State and shall not be so construed by the Fiscal Agent in any advertising or other publicity materials.

7.6.2 The Fiscal Agent agrees to submit to the State Contract Administrator all advertising, sales promotion, and other publicity materials relating to this Agreement furnished by the Fiscal Agent wherein the State's name is mentioned, language is used, or Internet links are provided from which the connection of the State's name therewith may, be inferred or implied. The Fiscal Agent further agrees not to publish or use such advertising, sales promotion materials, publicity or the like through print, voice, the Internet, and other communication media in existence or hereinafter developed without the express written consent of the State Contract Administrator prior to such use. Nothing herein shall preclude the Fiscal

Agent from citing the Services performed under this Agreement in resumes or proposals for future work with the State or other entities.

7.6.3 The provisions in this Article shall survive the expiration or termination of this Agreement.

7.7 AUDITS AND RECORDS

The Fiscal Agent shall permit representatives of the State Contract Administrator, an auditor selected by the State, or the Auditor of the State of Washington or their authorized agents to examine the records of the Fiscal Agent relating to the Services rendered under this Agreement. If the Fiscal Agent has contracted with any Subcontractors, the Fiscal Agent shall require each Subcontractor to provide similar access to the designated State officials or their representatives.

Any audits conducted under this Section 7.7 which do not necessitate the compilation of records in addition to those which are otherwise required by other Sections of this Agreement may be conducted without notice. Any audits conducted under this Section 7.7 which require the compilation of records in addition to those which are otherwise required by this Agreement may be conducted upon 10 Business Days' written notice from the State to the Fiscal Agent. The State shall bear the cost of conducting audits conducted under this Section 7.7, except that the Fiscal Agent shall bear all costs and expenses of any audits conducted as a result of the Fiscal Agent's breach of any provision of this Agreement.

The provisions of this Section 7.7 shall remain in effect for three years after the expiration, or sooner termination, of the term of this Agreement. If any litigation, claim or audit is started before the expiration of the three year period, the records shall be retained until one year following the termination of such litigation, claim, or audit, including any appeals thereto.

The Fiscal Agent shall maintain all books, records, documents, data and other evidence relating to this Agreement and performance of the Services described herein, including but not limited to accounting procedures and practices which sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this Agreement. The Fiscal Agent shall retain such records for a period of six years following the date of final payment. If any litigation, claim or audit is started before the expiration of the six-year period, the records shall be retained the longer of either one year following the termination of said litigation, claim or audit, including all appeals or six years from the date of final payment on this Agreement

7.8 PUBLIC RECORDS

Any documents and records that are provided to the State or any Issuer or Payor, including those provided by the Fiscal Agent, are public records under the Washington Public Records Act, Chapter 42.56 RCW, and as such may be subject to public disclosure.

The State recognizes that certain documents and records may contain proprietary information exempt from disclosure under the Public Records Act, may constitute trade secrets as defined in RCW 19.108.010(4), and may include confidential information that is otherwise subject to protection from misappropriation or disclosure. Should such records become the subject of a request for public disclosure, the following provisions shall apply:

The State shall immediately notify the Fiscal Agent of such request and the date by which the State anticipates producing the requested records.

The Fiscal Agent must then assert in writing to the State any claim that such records contain proprietary or confidential information of the Fiscal Agent that the Fiscal Agent believes is exempt from disclosure under the Public Records Act or is subject to protection pursuant to Chapter 19.108 RCW or other State law so that the State may consider the Fiscal Agent's assertion in responding to the requestor.

If, within eight Business Days after the date the State notifies the Fiscal Agent of such request, the Fiscal Agent makes no assertion that the requested records should be exempt, the State will make the appropriate disclosure without further notice to the Fiscal Agent.

If the Fiscal Agent makes a timely assertion that the requested records are or should be exempt from disclosure, and the State does not agree that a statutory exemption exists to preclude such disclosure, the State will allow the Fiscal Agent an additional 10 Business Days for the Fiscal Agent to seek judicial protection of the records pursuant to RCW 42.56.540. Such an action shall be at the Fiscal Agent's expense. If the Fiscal Agent does not seek judicial protection of the records within 10 Business Days after notifying the State of its belief that the records contain proprietary or confidential information or trade secrets, then the State may release the records to the requestor.

If prior to judicial consideration, the State, in its sole discretion believes the Fiscal Agent does not have a valid claim, it shall so notify the Fiscal Agent no less than five Business Days prior to the date the State intends to make the disclosure to allow the Fiscal Agent to take such action as it deems appropriate prior to disclosure. The State will not make such a disclosure while an action to enjoin disclosure is pending under RCW 42.56.540.

If the Fiscal Agent believes that any documents or records subject to transmittal or review by the State under the terms of this Agreement contain proprietary, trade secret or other materials that are exempt or protected from disclosure pursuant to applicable Laws and Regulations, the Fiscal Agent shall identify and clearly mark such information prior to such transmittal or review. The provisions of this Section 7.8 shall apply even though the Fiscal Agent may fail to identify and clearly mark such information prior to transmittal or review.

7.9 LEGAL COMPLIANCE

The Fiscal Agent shall comply with all Applicable Laws and Regulations, including but not limited to, all applicable nondiscrimination laws and regulations, including but not limited to; Title VI, Non-Discrimination, Title 49 C.F.R., Part 21 and Title VII of the Civil Rights Act; 42 U.S.C. § 12101 et seq., the Americans with Disabilities Act; and Title 49.60 RCW, Washington Law Against Discrimination. In the event of a Fiscal Agent noncompliance or refusal to comply with any nondiscrimination law, regulation or policy, OST may terminate this Agreement, in whole or in part, and/or declare the Fiscal Agent ineligible for other contracts with the State.

7.10 OWNERSHIP OF DATA

The State shall own the data compiled in performing Services under this Agreement, regardless of the software used to manage the data or the media upon which the data are stored or used. With the consent of the State, the Fiscal Agent may convert the database to other software. The Fiscal Agent shall be responsible for the safekeeping and accurate maintenance of the data, and shall provide the data to the State, or its agents or contractors, as authorized by the State. The Fiscal Agent is authorized to use and copy the data, and to keep copies of the data at the termination or conclusion of this Agreement.

7.11 RISK OF LOSS

The Fiscal Agent acknowledges that by State statute, RCW 43.80.150, OST, the State Treasurer, and other fiscal officers of any subdivision of the State are prohibited from being held responsible for funds remitted to the Fiscal Agent. As such, the Fiscal Agent agrees to bear the risk of loss of funds remitted to it by the Issuers/Payors.

8. CONTRACT EXECUTION

8.1 COUNTERPARTS

This Agreement may be executed in duplicate originals and each duplicate shall be deemed an original copy of the Agreement signed by each party, for all purposes.

8.2 SIGNATURE BLOCKS

In Witness Whereof the parties hereto, having read this Agreement for Fiscal Agency Services in its entirety, including all attachments hereto, do agree in each and every particular and certify as to having authorization to contract on behalf of the party represented.

APPROVED

State of Washington
State Finance Committee

APPROVED

U.S. Bank Trust Company, National
Association

Mike Pellicciotti
Washington State Treasurer
State Finance Committee Chair

[Name, title]

Date

Date

APPROVED AS TO FORM

State of Washington
Office of the Attorney General

Assistant Attorney General

Date

SCOPE OF SERVICES

1. Paying Agent

Pay principal of registered/non-book entry Bonds immediately upon presentment on or after the due date. Pay interest on registered Bonds by check, wire transfer, automated clearinghouse, or direct deposit to Bond owners' accounts as provided in the Authorizing Documents. Pay registered Bonds in book-entry form as provided in the letter of representations with the Bonds depository. Bonds held by the U.S. Department of Agriculture shall be paid as provided in the Authorizing Documents.

2. Local Paying Agent

Provide the Paying Agent services through a Washington branch network located throughout the state that includes: (i) paying bearer Bonds and coupons upon presentation, and (ii) paying principal of registered/non-book-entry Bonds when due, either at maturity or on early redemption. This service may be performed through a Subcontractor with the State's prior written consent.

3. Registrar

Register Bonds and maintain an accurate record of registered owners of registered Bonds (including bearer Bonds registered as to principal only and Bonds in fully registered form). For book-entry-only Bonds, register global certificates in the nominee name of the depository, post reductions of principal amounts in records, and cancel global certificates when any maturity is paid in full. The Fiscal Agent will forward Bond certificates in "nonnegotiable" form by first class mail and Bond certificates in "negotiable" form by registered mail or other insured carrier. All such mail deliveries shall be covered, while in transit to the addresses, by insurance arranged for by the Fiscal Agent.

The Fiscal Agent shall monitor and follow DTC operating procedures and requirements with respect to the administration of outstanding Bonds, including but not limited to Bonds with put features.

The Fiscal Agent shall (a) authenticate the Bond certificates in accordance with the Authorizing Documents and deliver the non-book entry certificates to the underwriter or purchaser or others at the direction of the Issuer a minimum of one Business Day prior to closing, or as requested by bond counsel; (b) maintain accurate records of all certificates received, issued and delivered; and (c) hold certificates delivered through FAST closing.

4. Transfer Agent

Process the registration of the transfers of Bonds, cancel all such Bonds paid or transferred, prepare and authenticate Bonds to be issued on transfer, and update the registration records.

5. Exchange Agent

Upon request from any registered owner, exchange Bonds of an issue for other Bonds of the same issue, maturity and interest rate in accordance with the applicable Authorizing Documents. This includes the conversion of bearer Bonds to fully registered Bonds, or the reverse if permitted by the Authorizing Documents. Upon receipt, cancel Bonds received for exchange, prepare and authenticate the Bonds to be issued in exchange, and enter transaction information into the registration records.

6. Tender Agent

Serve as agent for variable rate, commercial paper ("CP"), auction rate Bonds, and other Bonds where the Authorizing Documents require a depository for the "puttable bonds" to be received and processed. Work with the remarketing/auction/CP agent, using a liquidity facility, if any, as a backup, in reissuing replacement Bonds at the new rate/term.

7. State COP Program

7.1. Trust Agreements. For each issue of COPs, the Fiscal Agent is required to enter into a Trust Agreement with the State and the Washington Finance Officers Association. The Trust Agreement sets forth the duties and responsibilities of the Fiscal Agent for each COP issue. The Fiscal Agent will deliver the executed Trust Agreement and related documents to bond counsel as requested, but at a minimum of two Business Days prior to closing. In addition to the collection services described below in subsection 7.2, the Trustee's duties under each Trust Agreement include, but may not be limited to the following:

- Enter into a Master Assignment and, pursuant to which, accept the assignment of the Master Financing Agreements,
- Authenticate and register COPs and maintain registration records for the COPs,
- Act as paying agent for the COPs,
- Receive payments from the State to make payments on the COPs, and
- Handle optional and mandatory redemptions of COPs.

The current forms of the Trust Agreement and Master Assignment are attached as [Exhibit C – Sample COP Trust Agreement Documents](#), and are incorporated into this RFP by reference. The State may amend the form of the Trust Agreement in the future, at which time the Fiscal Agent will be provided with an opportunity for

review and input, to the extent the amendments may impact the duties and responsibilities of the Fiscal Agent.

7.2. Collection Services

- In connection with each COP issue involving LOCAL Participants, the Fiscal Agent shall establish accounts for each LOCAL Participant's financing contract(s) or lease(s). The Fiscal Agent shall collect principal and interest payments due to the State from the LOCAL Participants pursuant to the terms of the financing contracts and leases.
- The Fiscal Agent shall directly bill LOCAL Participants in the State's COP program by providing a bill at least 15 Calendar Days before the required due date. The due date shall be exactly one calendar month prior to the scheduled principal and interest payment date for the applicable COP issue (currently, LOCAL Participant due dates are December 1 and June 1 for January 1 and July 1 COP payments to COP owners).
- The Fiscal Agent shall remit collections from LOCAL Participants to the State Treasurer one calendar month prior to the scheduled payment date for the applicable COP issue. (Some LOCAL Participants prepay their financing contracts. In those cases, Permitted Investments, maturing on the scheduled payment date for the applicable COP issue, are held by the Fiscal Agent in an escrow account for the benefit of the COP owners. The Fiscal Agent must have a process for handling adjustments for these prepayments to the billings to LOCAL Participants for principal and interest payments.) The State Treasurer will remit funds for the benefit of the COP owners to the Fiscal Agent on the scheduled payment dates for the COP issue.
- The Fiscal Agent shall charge the State an annual fee per LOCAL Participant financing contract/lease for performing the collection services.

8. School Bond Guarantee Program

On issue set-up/data entry, the Fiscal Agent will identify/flag those school district Bonds for which it serves as Bond Registrar and Paying Agent and which also participate in the State's School Bond Guarantee Program. If an Issuer or Payor on a school district Bond that is guaranteed by the State fails to pay interest and/or principal on or prior to a payment date, the Fiscal Agent shall immediately notify the State Contract Administrator.

9. Destruction

Securely store all Bonds canceled because of transfer, payment, exchange, or for other reasons according to their Authorizing Documents or for one year before proper disposition. Provide cremation or other appropriate method of destruction services as requested by the State or Issuer in accordance with current regulations. Provide a

destruction certificate giving full descriptive reference to the instruments destroyed to the appropriate Issuer. A subsidiary destruction ledger or computer file must be maintained as a historical record to ensure proper accounting control.

10. Lost, Stolen or Destroyed Bonds

Place stop orders on lost, stolen or destroyed Bonds when notified by an owner not to register or transfer a Bond or to pay it on maturity or redemption. Replace or pay such Bonds and coupons if a Bond owner provides satisfactory evidence of the destruction or loss of the original Bond, and provides any Bond, indemnity or evidence that is required under the Authorizing Documents and the Fiscal Agent's standard procedures which shall be provided to the State RFP Coordinator.

11. Unclaimed Property

Act as fiduciary agent for purposes of [Chapter 63.29 RCW](#) (Uniform Unclaimed Property Act). Chapter 63.29 RCW shall govern the responsibilities of the Fiscal Agent with respect to abandoned property except as expressly provided to the contrary in the Agreement, as amended from time to time. This section describes current law; if the law changes, the Agreement will be amended to reflect the new law. Hold any funds remitted to the Fiscal Agent for redemption of coupons, registered interest checks, and Bonds in accordance with the requirements of the related Authorizing Documents. For one year after the appropriate redemption date (tracked by individual serial maturity), the Fiscal Agent shall retain unpaid balances as part of the overall investment balance total.

Upon written request of an individual Issuer, the Fiscal Agent shall transfer to any individual Issuer such unpaid balances and any relevant records identifying the obligation and the registered owner, if known, on the first Business Day of the 13th month after the date due for payment or redemption.

If no written request has been received from an Issuer, the Fiscal Agent shall report and remit any such unpaid balances remaining unredeemed and in the possession of the Fiscal Agent for two years after the funds have become payable or distributable to the State Department of Revenue. Issuers are entitled to two years' of earnings on such funds.

Funds received by the Fiscal Agent for interest payments or redemption of Bonds shall be held by the Fiscal Agent for such payment or redemption without any obligation of an Issuer or the Fiscal Agent to pay interest thereon to the owner from the due date to the date of presentment.

Subsequent to such payment of unpaid balances to the State Department of Revenue or Issuers, as applicable, the Fiscal Agent shall have the authority to reject presentment of any unpaid coupons, Bonds or checks relative to unpaid balances that have been paid to the State Department of Revenue or Issuers, and payment for said items shall be the sole responsibility of the Issuer or the State Department of Revenue, as applicable. In the event

the Fiscal Agent shall pay coupons, Bonds or checks relative to unpaid balances that have been returned to the State Department of Revenue or an Issuer, the Fiscal Agent shall immediately notify the Issuer or the Department of Revenue, as applicable, and request reimbursement of the amount paid.

12. Redemptions

Perform all services associated with mandatory, extraordinary and optional redemptions of Bonds either (i) as required by the Authorizing Documents or (ii) as permitted by the Authorizing Documents and requested by the Issuer.

13. Unissued Certificates

Maintain inventory, safekeeping, accounting, and proper audit controls over all unissued certificates. Request additional certificates, as needed, from Bond counsel and/or Issuers.

14. Continuing Disclosure

To the extent required under the Authorizing Documents, provide notices of redemptions and defeasances in accordance with the Securities and Exchange Commission (the "SEC") Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule").

15. Notices/Communications

Upon request from an Issuer or if required by the Authorizing Documents, provide timely notices and communications to Bond owners, the MSRB, rating agencies, Bond insurers, Bonds depositories, escrow agents, and other information services.

16. Reporting

16.1. Website

a. General Requirements

The Fiscal Agent shall provide the services listed below, through the Fiscal Agent's website. The website will serve as the primary reporting system for all Issuers and Payors for the delivery of and access to Issuer information held by the Fiscal Agent.

The website shall provide, at a minimum, and enable Issuers and Payors to access, the following:

- i. At least 15 Calendar Days prior to the due date, invoices for payments of principal and interest ("Maturity Bill Statements"); and

- ii. Within seven Calendar Days following a maturity/payment date, updated records of the receipt and disbursement of funds for principal and interest payments (the "Cash Statements") and projected principal, interest, call premium and paydowns ("Debt Service Schedules").

b. COP Program.

In addition to Services related to COP issues, the Fiscal Agent shall provide, through a website that serves as the primary reporting system for all LOCAL Participants, invoices for payments of principal and interest, Cash Statements and a schedule of principal, interest, and paydowns for their financing contracts as it would for Issuers who have issued Bonds.

In reporting to the State, the website shall allow for grouping by and reporting on all the LOCAL Participants' financing contracts and leases in a manner sufficient to meet the State's needs.

c. School Bond Guarantee Program

In reporting to the State, the Fiscal Agent's website shall, for Maturity Bill Statements, Cash Statements and Debt Service Schedules, allow for grouping by and reporting on all school district Bonds guaranteed by the School Bond Guarantee Program. On issue set-up/data entry, the Fiscal Agent will identify those school district Bonds which participate in the State's School Bond Guarantee Program.

d. Other Requirements:

- i. The website shall allow Issuers/Payors and the State to group on one or more of their loan accounts for viewing, reporting, and exporting.
- ii. The website shall permit the user to view, print and export (to PDF and Excel) the requested information.
- iii. Electronic documents of the Maturity Bill Statements and Cash Statements shall be archived on-line for a minimum of 18 months.
- iv. The website shall provide e-mail notifications to the Payors and/or Issuers when the Maturity Bill Statements and Cash Statements are available.
- v. Upon request from an Issuer and/or Payor, the Fiscal Agent shall provide reports illustrating the information under this Section in paper or electronic form.

- vi. The website shall provide login and password protection for each Payor and Issuer.
- vii. The website reports shall not include any social security numbers or other sensitive Bond owner information.

16.2. Additional Reporting. Provide to an Issuer and/or Payor timely status reports (by issue, as appropriate) in alternative formats or means, including hard copy, CD-ROM, disk, or email, as follows:

- Within seven Calendar Days after a notice of redemption or other continuing disclosure notice is sent, the Fiscal Agent shall provide to an Issuer and/or Payor a copy of the notice, the date it was sent, and the parties the notices were sent to;
- Monthly Investment Working Balances and earnings on all Working Balances of the Issuer (Earnings Statements);

And upon request:

- Cancellations;
- Bonds and coupon destruction;
- Lists of registered owners by name and address;
- Issuances, exchanges, call payments, transfers and/or replacement of Bonds;
- Inventory supply of unissued certificates;
- Annual reports, such as:
 - Outstanding principal as of end of fiscal period,
 - Unclaimed property, and
 - Defeased debt.

16.3. Annual Reports to State. No later than January 31 of each year during the term of the Agreement, Fiscal Agent shall deliver to the State Contract Administrator annual reports regarding the prior year, or portion thereof, with

a. Then-current listing of:

- the total issues outstanding,
- the scale and volume of the Issuers' accounts,
- contact information for all Issuers receiving Services under the Agreement at any time during the reporting year, and
- other pertinent volume statistics.

b. Including the following:

- balances representing unredeemed Bonds, coupons or registered interest checks forwarded to an Issuer during the previous calendar year, and
- balances representing unredeemed Bonds, coupons or registered interest checks forwarded to the State Department of Revenue during the previous calendar year.

Such reports shall include any relevant records identifying the obligation (such as the debt series and loan account number), amounts, and the registered owner, if known.

17. Records/Audits.

Maintain appropriate records in connection with Fiscal Agent services. The State or its representatives and local government Issuers and Payors shall have reasonable access to such books and records for auditing purposes during the contract period, and for three full years after the date of the final payment of a Bond issue, or as otherwise required by the IRS. A detailed audit trail must be maintained that enables all Bonds and coupons to be tracked from issuance through transfer, payment, redemption and, where appropriate, to a destruction certificate. The Fiscal Agent will permit each Issuer/Payor to inspect and make copies of the Bond register books of the Issuer and will provide copies of the same to the Issuer upon its written request. In the case of any request or demand for the inspection of the Bond register books of the Issuer/Payor by someone other than the Issuer, the Fiscal Agent shall notify the Issuer and secure instructions prior to permitting or refusing such inspection. The Fiscal Agent shall have the right to exhibit the Bond register books, to any person if it is advised by its counsel that it may be held liable for the failure to exhibit the Bond register books to such person.

The Fiscal Agent shall have an annual independent audit conducted for purposes of expressing an opinion on its financial statements and provide such audited financial statements to the State Contract Administrator annually. The Fiscal Agent shall also have an annual independent service organization audit conducted for purposes of examining controls related to the services provided in a Fiscal Agent capacity (including controls obtained in subsection 21. Operation/System Requirements) and provide such report to the State Contract Administrator annually.

The Fiscal Agent shall maintain an independent internal audit function that continuously conducts reviews of policies, procedures and internal controls, and provide internal audit information to the State Contract Administrator, or the state's agents, as requested. Examinations must evaluate compliance with the Fiscal Agent's policies and procedures as well as regulations applicable to the Fiscal Agent. Examinations must also address the effectiveness of accounting, operational, administrative and data processing controls associated with the Fiscal Agent services performed.

For each new account, the Fiscal Agent will obtain, verify and record the documentation required for compliance with the federal [Bank Secrecy Act/Anti-Money Laundering \(BSA/AML\)](#) rules. The Fiscal Agent may also require documentation identifying the individuals authorized to represent the Issuer/Payor.

18. Earnings

Acting as a fiduciary, invest all Working Balances in Permitted Investments for public funds in the State of Washington. In the Agreement, the State and Fiscal Agent shall agree upon the Permitted Investments for Working Balances.

At least semiannually the Fiscal Agent shall pay earnings on Working Balances to the applicable Issuer or, at the Issuer's option, credit the amount of such earnings to the account of the Issuer for services rendered under this Agreement.

19. Bond Holder Relations

Provide effective and timely response to Bond Holder inquiries. Services shall be available to accommodate Bond Holders until 5:00 P.M. Pacific Time each Business Day.

20. Issuer Relations

20.1. Provide effective and timely response to Issuer inquiries. Services shall be available to accommodate Issuers until 5:00 P.M. Pacific Time each Business Day and on dates with scheduled automatic ACH payments shall begin at 6:00 A.M. Pacific Time. Provide either same-day resolution for problems or concerns raised by the Issuer or provide daily status updates if same-day resolution is not achieved. Provide notification to the State if the problem or concern cannot be addressed within two Business Days.

20.2. The Fiscal Agent shall provide regular outreach efforts to Issuers such as attending meetings/conferences of Washington associations of municipal finance professionals, visiting Issuers or by other means, to encourage mutual understanding and open communications.

20.3. Upon request, the Fiscal Agent shall provide training to Issuers and Payors on obtaining reports from the Fiscal Agent's website.

20.4. Maintain up-to-date Issuer contact information.

21. Operation/System Requirements

21.1. Maintain and administer an efficient operation/system to process Issuer data. This includes, but is not limited to, all operations from the receipt of each item through data preparation/entry, verifying and reconciling all payments and non-payments,

preparing standard monthly reports and other special analysis reports, and filing and retaining shells/coupons. Data entry and file update operations must be completed within a reasonable period after a new issue closes and other transactions or events occur.

- 21.2.** Maintain adequate safeguards to prevent unauthorized access to Issuer/Payor information and to protect confidential Issuer information.
- 21.3.** Maintain a tested business recovery and continuity plan to protect Issuer/Payor data and provide alternate operating capability.
- 21.4.** Maintain an internal control structure that ensures all transactions recorded are complete, accurate, properly authorized and supported by adequate documentation; and adequate policies and procedures exist to prevent and detect errors, irregularities, and illegal acts.

22. Additional Services

Issuers may issue Bonds or participate in financings that include various components or characteristics, including, but not limited to:

- Credit enhancement
 - Bond insurance
 - Letters of credit
- Liquidity facilities
- Tax-advantaged Bonds for which the federal government provides periodic payments

Accordingly, the following additional services may be requested by an Issuer:

- Bond insurance – keep policies and draw on policies as required;
- Letter of Credit services – maintain custody of various types of letter of credit documents, maintain and service instruments in accordance with its terms and conditions, prepare and execute draws from principal and/or interest on Bonds, track maturity and renewal dates, and monitor optional redemption;
- Liquidity Facilities services – maintain custody of original documents, monitor provisions relating to liquidity draws and renewal dates, and track the outstanding value of such instruments;
- Act as calculation agent and prepare the necessary tax forms for tax advantaged Bonds and submit such forms to the IRS in a timely manner; and
- Executing additional documentation confirming the foregoing services.
- Escrow agent services for current or advanced refundings.

23. Other Services

Provide other related Bonds processing services acting in a Fiscal Agent capacity as requested by the State or an Issuer or a Payor with the State's consent.

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FEE SCHEDULE

The fees shown below shall remain in effect for the initial period of the Agreement, and may be revised when the Agreement is renewed. Additional services may be added only by an instrument in writing and with the written consent of both parties. (See Sections 3.2 and 5.1 of the Agreement.)

<u>Description</u>	<u>Fee</u>
Annual Administrative Fee	
<u>Fixed Rate Issues:</u>	
Book Entry (<i>per series</i>)	\$350.00
Non-Book Entry (<i>per series</i>)	\$200.00
<u>Variable Rate Issues:</u>	
VRDOs (<i>per series</i>)	\$1,000.00
Commercial Paper (<i>per series</i>)	\$2,000.00
<u>LOCAL Program – Collection Services:</u>	
Annual Administrative Fee (<i>per lease</i>)	\$175.00
Investment Service Fee	
Charge for investing Working Balances	50 basis points
(Charge is deducted prior to distribution of earnings to Obligors.) ¹	
Additional Services	
Escrow Services – COP Prepayment / Defeasance (<i>per issue/per year</i>)	\$200.00
Dissemination Agent Services (<i>annual fee</i>)	\$100.00
Calculation Agent Services (See “Additional Services” in Section III – 1.22)	\$200.00
Escrow Agent Services – refundings and defeasances (<i>per issue</i>)	TBD

If a transaction is not finalized, fees will be charged for the services performed, not to exceed the maximum fee for the service shown herein.

Extraordinary administration services (EAS)

Extraordinary Administrative Services (EAS) are duties, responsibilities or activities not expected to be provided by the Fiscal Agent at the outset of the transaction, not routine or customary, and/or not incurred in the ordinary course of business and may require analysis or interpretation. In the event that EAS are required to be performed by the Fiscal Agent, the fee for the service will be negotiated in advance between the State, the affected Issuer/Obligor if applicable, and the Fiscal Agent, and may be calculated on an hourly (time expended multiplied by current hourly rate), flat or special fee basis at such rates or in such amounts in effect at the time the EAS is requested. EAS must be authorized by the State Contract Manager, and the Issuer if applicable, before any services are performed that

¹ Please note that this charge does not apply to the balance invested in either the U.S. Bank Money Market Deposit Account or U.S. Bank Open Commercial Paper. It will only be applied to the working cash balance held in U.S. Bank Deposit Demand Account for Uninvested Cash.

would incur EAS fees. EAS fees are due and payable in addition to annual or ordinary administration fees, and shall be due within sixty (60) calendar days after receipt of a properly prepared and submitted invoice. (See Section 6.4 of this Agreement.)

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SAMPLE COP TRUST AGREEMENT DOCUMENTS

Attachment C-1 – Trust Agreement



Adobe Acrobat
Document

Attachment C-2 – Master Assignment (Personal Property)



Adobe Acrobat
Document

Attachment C-3 – Master Assignment (Real Property)



Adobe Acrobat
Document

Attachment C-4 – COP Form Appendix



Adobe Acrobat
Document

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- SECTION 3 -

State Finance Committee

November 29, 2022, Meeting



State of Washington
STATE FINANCE COMMITTEE

MIKE PELLICCIOTTI, Chair
 State Treasurer
JAY R. INSLEE
 Governor
DENNY HECK
 Lieutenant Governor

November 29, 2022

MEMORANDUM

TO: The Honorable Mike Pellicciotti
 The Honorable Jay R. Inslee
 The Honorable Denny Heck

FROM: Jason P. Richter
 Deputy State Treasurer

RE: **Bond Sales and Market Update**

Sale Update. Since the last State Finance Committee Bond Sales and Market Update on June 22, 2022, the State has sold two series of bonds and one series of certificates of participation (COPs), totaling over \$851 million, as summarized below.

Bond issuance since June 22, 2022

July 19, 2022 -- Bond Sale

Series Name	Series	Par Amount	Delivery Date	Final Maturity	Avg. Life (yrs)	TIC
VP GO Bonds, Series 2023A	2023A	\$693,905,000	8/3/2022	8/1/2047	17.726	3.75%
GO Bonds, Series 2023T (Taxable)	2023T	140,025,000	8/3/2022	8/1/2029	4.003	3.47%
		\$833,930,000				

COP issuance since June 22, 2022

October 27, 2022 -- Certificates of Participation Sale

Series Name	Series	Par Amount	Delivery Date	Final Maturity	Avg. Life (yrs)	TIC
State of WA COP, LP_2022C	LP_2022C	\$17,320,000	11/15/2022	1/1/2043	4.042	3.62%

Refunding Savings. There have been no refinancings since the June 22, 2022, State Finance Committee meeting.

Future New Money Issuances. The State plans to sell new money bonds in January 2023 and anticipates additional issuances in the summer of 2023 and in the beginning of 2024 to finance Capital Budget and Transportation Budget projects. The size and timing of these issuances will be primarily dependent upon the State’s cash-flow needs.

Future Refinancings. In addition to new money financings, OST actively monitors the State’s debt portfolio for refinancing opportunities. The following table shows the outstanding bonds that are callable over the next three years.

Calendar Year	Refundable Par
2023	1,573,655,000
2024	929,365,000
2025	2,142,500,000
	<u>4,645,520,000</u>

Market Update. The current Bond Buyer 20-Bond Index (BBI) now stands at 4.02% (as of November 10, 2022), which is 192 basis points higher than a year ago (November 10, 2021). Chart 1 below shows the BBI over the last three years, while Chart 2 shows the BBI since 1900. Chart 3 shows the current Municipal Market Data (MMD) curve, the curve as of the start of 2022, and the curve as of the last State Finance Committee meeting (June 22, 2022). A table with the changes from the beginning of 2022 to current is shown below the chart.

Chart 1

**Weekly Bond Buyer 20-Bond Index (BBI)
 General Obligation Bond Interest Rate Trends
 (12 Months)**

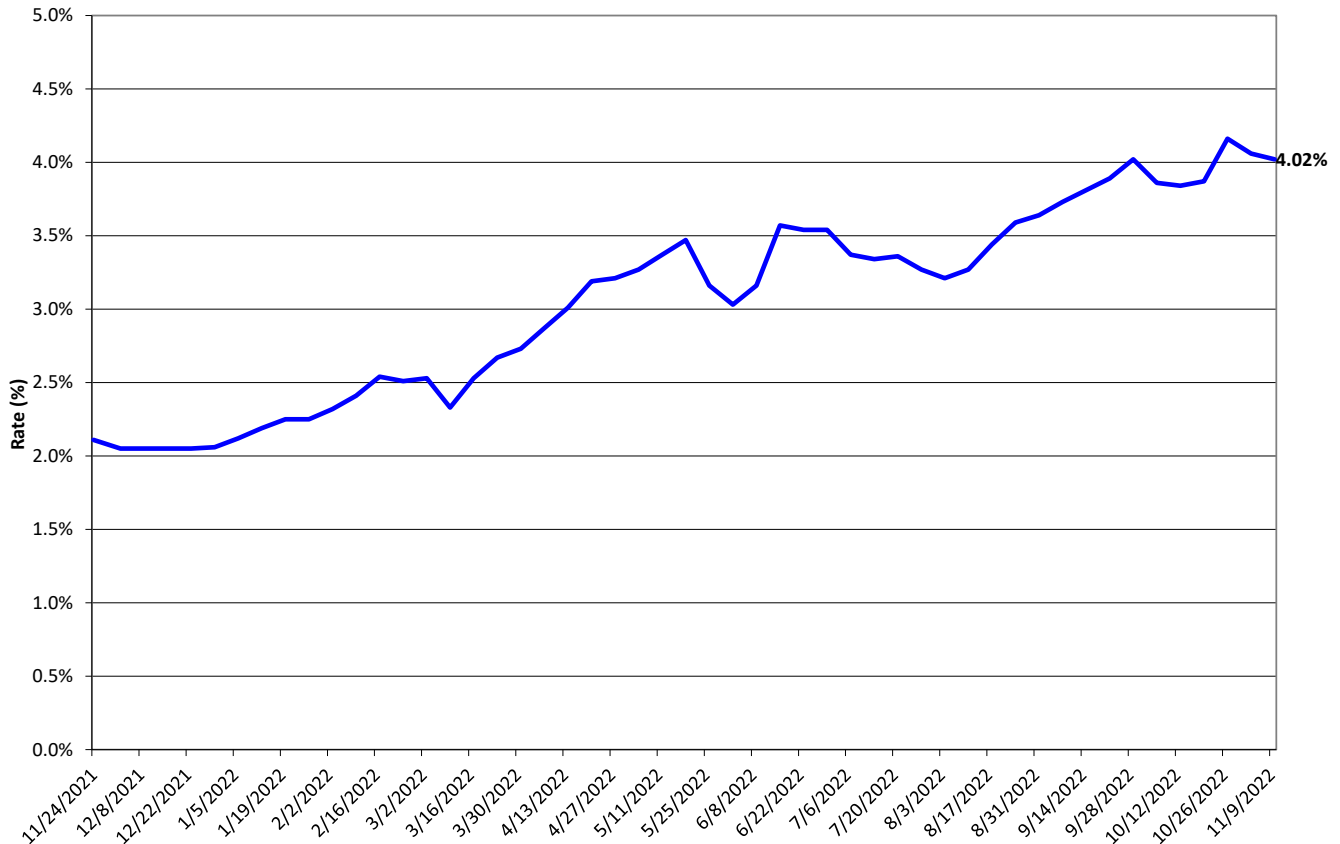


Chart 2

**Weekly Bond Buyer 20-Bond Index (BBI)
 Annual Averages -- 1900 - 2022 -- as of 11/10/2022**

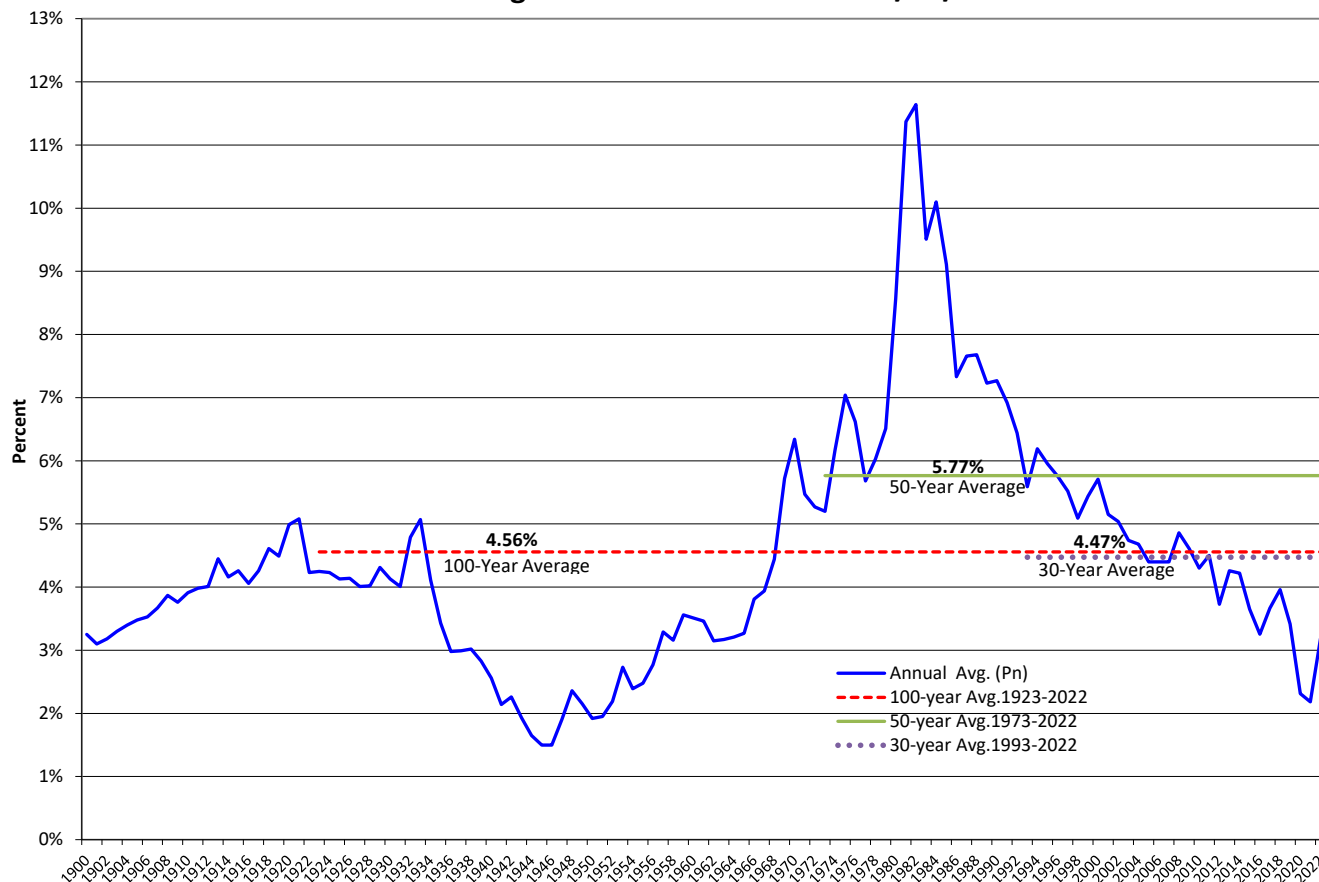
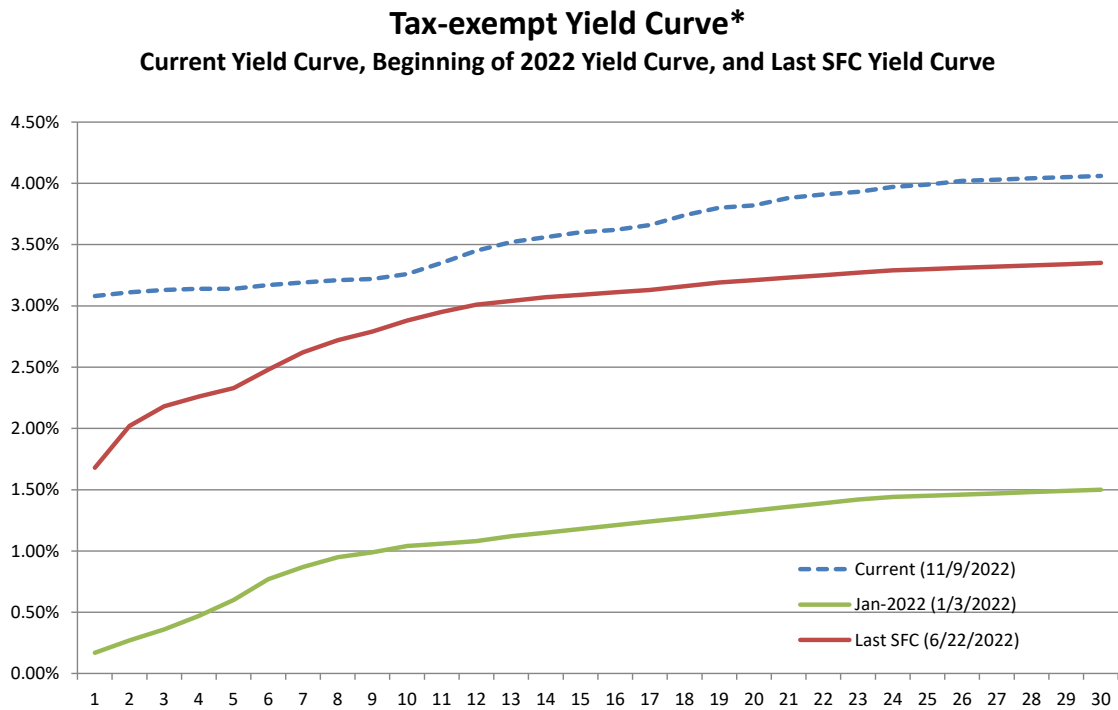


Chart 3



*"AAA" GO MMD (Municipal Market Data).

Table 1

Year	1/3/2022	11/9/2022	Difference %	Difference x
1	0.17%	3.08%	2.91%	18.12
2	0.27%	3.11%	2.84%	11.52
3	0.36%	3.13%	2.77%	8.69
4	0.47%	3.14%	2.67%	6.68
5	0.60%	3.14%	2.54%	5.23
6	0.77%	3.17%	2.40%	4.12
7	0.87%	3.19%	2.32%	3.67
8	0.95%	3.21%	2.26%	3.38
9	0.99%	3.22%	2.23%	3.25
10	1.04%	3.26%	2.22%	3.13
11	1.06%	3.35%	2.29%	3.16
12	1.08%	3.45%	2.37%	3.19
13	1.12%	3.52%	2.40%	3.14
14	1.15%	3.56%	2.41%	3.10
15	1.18%	3.60%	2.42%	3.05
16	1.21%	3.62%	2.41%	2.99
17	1.24%	3.66%	2.42%	2.95
18	1.27%	3.74%	2.47%	2.94
19	1.30%	3.80%	2.50%	2.92
20	1.33%	3.82%	2.49%	2.87
21	1.36%	3.88%	2.52%	2.85
22	1.39%	3.91%	2.52%	2.81
23	1.42%	3.93%	2.51%	2.77
24	1.44%	3.97%	2.53%	2.76
25	1.45%	3.99%	2.54%	2.75
26	1.46%	4.02%	2.56%	2.75
27	1.47%	4.03%	2.56%	2.74
28	1.48%	4.04%	2.56%	2.73
29	1.49%	4.05%	2.56%	2.72
30	1.50%	4.06%	2.56%	2.71