



State of Washington  
STATE FINANCE COMMITTEE

**DUANE A. DAVIDSON**, Chairman  
State Treasurer

**JAY R. INSLEE**  
Governor

**CYRUS HABIB**  
Lieutenant Governor

---

## AGENDA

### STATE FINANCE COMMITTEE

August 8, 2019 at 1:15 PM

Office of the State Treasurer  
Legislative Building, Room 230  
Olympia, Washington

PURSUANT TO STATUTORY PROVISIONS, YOU ARE HEREBY NOTIFIED that the State Finance Committee will hold a Special Meeting at the Office of the State Treasurer, Legislative Building, Second Floor, Room 230, Olympia, Washington at **1:15 P.M.**, on the **8<sup>th</sup> day of August, 2019** to consider the following:

#### **I. STATE FINANCE COMMITTEE**

1. Approval of minutes of the April 17, 2019 State Finance Committee meeting.
2. Resolution No. 1222 authorizes the issuance of State of Washington General Obligation Bonds in a principal amount not to exceed \$3,576,220,000 for the purpose of providing funds to pay and reimburse state expenditures for various state projects identified in the Bond Act; 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. 1222 also authorizes the State Treasurer to adopt bond sale resolutions.
3. Resolution No. 1223 authorizes the issuance of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds in a principal amount not to exceed \$402,462,000 for the purpose of providing funds to pay and reimburse state expenditures for various transportation projects identified in the Bond Act; 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. 1223 also authorizes the State Treasurer to adopt bond sale resolutions.

#### **Office of the State Treasurer**

Legislative Building, P.O. Box 40200 • Olympia, Washington 98504-0200 • (360) 902-9000  
TTY CALL 711 • FAX (360) 902-9045 • Home Page <http://www.tre.wa.gov>

4. Resolution No. 1224 authorizes the issuance of various purpose general obligation refunding bonds of the State in a principal amount not to exceed \$2,812,145,000 and motor vehicle fuel tax general obligation refunding bonds of the State in a principal amount not to exceed \$1,555,905,000 for the purpose refunding certain outstanding various purpose general obligation bonds and motor vehicle fuel tax general obligation bonds of the State and thereby effecting a debt service savings to the State. Resolution No. 1224 also authorizes the State Treasurer to adopt bond sale resolutions.
5. Resolution No. 1225 amends and restates Resolution No. 1208, providing for issuance of State of Washington General Obligation Bonds in a principal amount not to exceed \$5,300,000,000 for the purpose of providing funds to pay and reimburse state expenditures for Connecting Washington Projects or improvements identified in the Bond Act; 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. 1225 also authorizes the State Treasurer to adopt bond sale resolutions.
6. Resolution No. 1226 approves and establishes a revised finance plan and maximum principal amount of financing contracts and certificates of participation of the State for the 2019-21 biennium.
7. Motion to approve amended and restated Debt Management and Issuance Policy.
8. Informational Item Market and bond sales update.

If you are a person with a disability and require an accommodation for attendance, please contact the Office of the State Treasurer, (360) 902-9000, 24 hours prior to the meeting date.

State Finance Committee Meeting Minutes  
Olympia, Washington  
April 17, 2019  
11:30 AM

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

Present: Duane Davidson, State Treasurer, Chair  
Jay Inslee, Governor  
Cyrus Habib, Lt. Governor

Also Present: Jason Richter, Office of the State Treasurer  
Svein Braseth, Office of the State Treasurer  
Bill Tonkin, Foster Pepper PLLC  
Rusty Fallis, Office of the Attorney General  
Libby Hollingshead, Office of the Lt. Governor  
Shawn Myers, Office of the State Treasurer  
Catherine Mele-Hetter, Office of the State Treasurer  
Austin Goble, Office of the State Treasurer  
Matthew Schoenfeld, Office of the State Treasurer  
Adam Johnson, Office of the State Treasurer  
Brianna May, Office of the State Treasurer  
Whitney Trumbly, Office of the State Treasurer  
Leslie Yonkers, Office of the State Treasurer  
Shelby Pelon, Office of the State Treasurer  
Erhiza Rivera, Office of the State Treasurer  
Scott Merriman, Office of Financial Management

Chair Davidson called the meeting to order at 11:34 AM. Chair Davidson stated for the record that all three members were present.

**Item 1: Approval of Minutes**

Chair Davidson introduced minutes from the State Finance Committee Meeting held on November 13, 2018 at 1:00 pm for approval. There were no corrections. The minutes were accepted as approved.

**Item 2: Informational Item- ESHB 1109 as Passed Senate Floor 2019-21 Operating Budget (04/04/19), Section 127(9)—Legal Advice on Matters Relating to Bonds and Debt**

Treasurer Davidson introduced the informational item and discussed the budget proviso from the Senate Operating Budget (ESHB 1109), Section 127(9). This proviso would change the way that the State Finance Committee hires and uses bond counsel. The Office of the State Treasurer was told that this proviso was placed into the budget because the Legislature wanted increased access

to bond counsel. The Office of the State Treasurer believes this can be achieved administratively rather than changing the statutes and the methods that the State Finance Committee has for hiring and managing bond counsel. Treasurer Davidson then introduced Jason Richter, Deputy Treasurer for Debt Management, to elaborate more on the proviso and the impacts it would have to the State Finance Committee.

Jason Richter read aloud from the proviso which states “To ensure that all state entities that participate in authorizing and issuing bonds have access to consistent, objective, and experienced legal advice on matters relating to bonds and debt, and to reduce reliance on special assistant attorneys general, the attorney general must employ an attorney to advise the legislature, governor, and other state agencies on these topics. In addition to providing legal advice, this attorney must manage and oversee contracts for legal services relating to bonds and debt to the great extent possible. Costs associated with this attorney must be incorporated into the agency’s overhead charges.” Jason then discussed the number of concerns that the Office of the State Treasurer has with this proviso. Jason states that many state debt issuers would be negatively impacted by the proviso including the State Finance Committee, Washington State Housing Finance Committee, The University of Washington, the Health Care Facilities Authority, The Economic Development Finance Authority, and others. He explained that these debt issuers all independently contract for bond counsel services through the Office of the Attorney General with their assigned Assistant Attorney General administering the contract. This proviso would undo those relationships requiring a single Attorney General to provide legal advice to the Legislature, Governor, and all state debt issuers. Jason stated that independent legal counsel is essential to the bond process and something expected by investors as an industry standard. We are concerned that this will jeopardized the State Finance Committee’s ability to access the required specialized services provided by bond counsel and could increase risk to the state through the bond process. Jason elaborated that the proviso’s mandate to reduce reliance on outside bond counsel is also contrary to the State Finance Committee’s debt issuance policy. This proviso would impede the efficient relationship that the State Finance Committee has with the Office of the Attorney General. In closing, Jason stated that the State Finance Committee issues over \$1 billion worth of debt each year and, at this level, the penalty for any mistakes is severe. He reiterated that it is important that the State Finance Committee and other debt issuers to be able to work with their dedicated Assistant Attorney General to carefully administer their contracts and their clients’ needs through independent legal advice. Jason then turns the conversation over to Bill Tonkin, Foster Pepper PLLC, and longtime bond counsel for the State.

Bill Tonkin explained, under their contract with the Office of the Attorney General as Special Assistant, that their client is the State Treasurer and, through that office, the State Finance Committee. Their client is not another branch of government or another agency that issues bonds. However, over many years, they have worked with the Treasurer’s Office to provide informational updates and access to other agencies and government entities (Office of Financial Management, Department of Commerce, Department of Ecology, and staff/members of the Legislature) who issue bonds. Bond counsel’s main role is to provide unqualified legal opinions on the state’s bonds. They provide that opinion on the bonds that the committee brings forward to be sold into the national bond market and to verify/provide opinion during the bond process. Bond counsel also makes sure that all SEC and IRS rules are being followed through the bond market. Bill highlighted three main concerns that bond counsel has regarding the budget proviso.

First, the proviso states that a single lawyer in the Attorney General's office is expected to provide consistent legal advice to many agencies and the legislature who probably all have different or conflicting interests. Secondly, this reduced reliance on Special Assistant Attorney Generals could discourage issuers from getting legal advice during the bond process and could expose others to greater risks and penalties. Thirdly, bond counsel works closely with the Attorney General's office, but having one lawyer to provide these services could impede bond counsel's ability to provide judgement on behalf of the State Finance Committee and the State Treasurer.

Treasurer Davidson thanked Mr. Richter and Mr. Tonkin for sharing their briefings. He closed the comments by affirming that the relationships built between bond counsel and the process that's currently being used has worked extremely well for the state for decades. Treasurer Davidson sees this as a separation of powers issue since it is mainly an executive's job to issue these bonds. He highlighted that Governor Inslee has purposely kept members of the Legislative branch off of Executive Committees in the past for similar issues and separation of powers and that hiring of bond counsel for an Executive office should not be left to the Legislative branch. Treasurer Davidson closes his comments by stating he is hopeful that the three members of the State Finance Committee can be unified in the issue.

Treasurer Davidson also clarified to the State Finance Committee that he has spoken with Attorney General Ferguson on this and that he also is not in favor of this budget proviso. Lt. Governor Habib commented that he believes the biggest issues here are conflict and competency. He believes there are cases in precedence that could help should this become an issue in the future. Lt. Governor Habib hopes that the Attorney General would use his existing power to allow for a lawyer to be contracted out should a potential conflict arise. Treasurer Davidson asserted that he is committed to trying to work through any issues with others receiving access to bond counsel over the interim should this proviso be removed from the budget. Governor Inslee thanked the State Finance Committee for bringing the issue forward and says he will also inquire more about the issue.

Treasurer Davidson adjourned the meeting at 11:51 AM.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Duane A. Davidson  
State Treasurer and Chairman

By \_\_\_\_\_  
Jay Inslee  
Governor and Member

By \_\_\_\_\_  
Cyrus Habib  
Lieutenant Governor and Member

ATTEST:

\_\_\_\_\_  
Jason P. Richter,  
Deputy State Treasurer and Secretary



**DUANE A. DAVIDSON**, Chairman  
State Treasurer

**JAY R. INSLEE**  
Governor

**CYRUS HABIB**  
Lieutenant Governor

**State of Washington**  
**STATE FINANCE COMMITTEE**

August 8, 2019

**MEMORANDUM**

**TO:** The Honorable Duane A. Davidson  
The Honorable Jay R. Inslee  
The Honorable Cyrus Habib

**FROM:** Jason P. Richter  
Deputy State Treasurer

**RE: Proposed Resolution No. 1222** authorizes the issuance and sale of State of Washington Various Purpose General Obligation Bonds

Proposed Resolution No. 1222 authorizes the issuance of State of Washington General Obligation Bonds in a principal amount not to exceed \$3,576,220,000 for the purpose of providing funds to pay and reimburse state expenditures for various state projects identified in the Bond Act; 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. 1222 also authorizes the State Treasurer to establish the method of sale of bonds and adopt bond sale resolutions.

The Bonds will be used to fund expected cash flow requirements for the 2019-21 biennium, based upon preliminary issuance projections from the 2019 Legislative Session. Issuance is currently planned on a semi-annual schedule. Proceeds are to be deposited in the following funds:

<b>Fund Number</b>	<b>Fund Name</b>	<b>Preliminary Amounts</b>
057	State Building Construction Account	3,089,521,000
09C	Farmlands Preservation Account	5,016,000
09H	Riparian Protection Account	327,183,000
10P	Columbia River Basin Water Supply	10,250,000
218	Multimodal Transportation Account	25,000,000
355	State Taxable Building Const. Account	104,000,000
359	School Construction & Skill Centers Building	1,250,000
366	Watershed Restoration and Enhancement Bond Account	14,000,000
		<u>3,576,220,000</u>

**Office of the State Treasurer**

Legislative Building, P.O. Box 40200 • Olympia, Washington 98504-0200 • (360) 902-9000  
TTY CALL 711 • FAX (360) 902-9045 • Home Page <http://www.tre.wa.gov>

2019-21 Capital Budget appropriations and re-appropriations for bond-funded projects include (amounts shown in thousands):

**2019-21 Capital Budget**  
**State Bonds**  
**\$20 Million or Larger Projects**  
(Dollars In Thousands)

<b>Agency</b>	<b>New App</b>	<b>Reapp</b>
<b>Department of Commerce</b>		
002 40000036 2019-21 Housing Trust Fund	175,000	0
000 40000116 2020 Local and Community Projects	162,793	0
000 40000114 2019-21 Behavioral Health Capacity Grants	117,951	0
012 40000043 2019-21 Building Communities Fund Program	36,785	0
005 40000042 Clean Energy Transition 4	32,600	0
011 40000044 2019-21 Early Learning Facilities	28,500	0
007 40000048 2019-21 Weatherization	20,000	0
000 40000005 2018 Local and Community Projects	0	91,142
001 30000872 2017-19 Housing Trust Fund Program	0	90,304
000 40000018 Behavioral Health Community Capacity	0	84,500
005 30000878 Public Works Assistance Account Construction Loans	0	65,117
007 30000881 Clean Energy Funds 3	0	39,999
000 91001157 2019 Local and Community Projects	0	28,000
000 92000369 Local & Community Projects 2016	0	21,750
<b>Total</b>	<b>573,629</b>	<b>420,812</b>
<b>Dept of Social and Health Services</b>		
003 30002765 Western State Hospital-Forensic Services: Two Wards Addition	28,700	329
000 91000077 BH: State Owned, Mixed Use Community Civil 48-Bed Capacity	20,000	0
<b>Total</b>	<b>48,700</b>	<b>329</b>
<b>Department of Ecology</b>		
004 40000116 2019-21 Centennial Clean Water Program	30,000	0
005 40000129 2019-21 Floodplains by Design	50,400	0
009 40000177 2019-21 Streamflow Restoration Program	40,000	0
007 40000152 2019-21 Columbia River Water Supply Development Program	37,600	0
008 40000209 2019-21 Chehalis Basin Strategy	73,207	0
010 40000179 2019-21 Yakima River Basin Water Supply	40,000	0
036 40000006 Catastrophic Flood Relief	0	45,075
037 92000076 Storm Water Improvements	0	42,734
040 30000706 Floodplains by Design	0	35,054
041 30000705 2017-19 Centennial Clean Water program	0	33,976
042 30000712 Columbia River Water Supply Development Program	0	31,744
044 30000797 2015-17 Restored Stormwater Financial Assistance	0	28,007
039 30000796 2017-19 Stormwater Financial Assistance Program	0	25,000
<b>Total</b>	<b>271,207</b>	<b>241,590</b>
<b>State Parks and Recreation Comm</b>		
000 92000014 State Parks Maintenance Pool	31,000	0
<b>Total</b>	<b>31,000</b>	<b>0</b>
<b>Rec/Conserv Funding Board</b>		
001 40000002 2019-21 - Washington Wildlife Recreation Grants	85,000	0
012 40000009 2019-21 - Puget Sound Acquisition and Restoration	49,507	0
019 40000012 2019-21 - Brian Abbott Fish Barrier Removal Board	26,491	0
007 40000004 2019-21 - Salmon Recovery Funding Board Programs	25,000	0
002 30000409 2017-19 Washington Wildlife Recreation Grants	0	64,514
013 30000414 Puget Sound Acquisition and Restoration	0	35,097
<b>Total</b>	<b>185,998</b>	<b>99,611</b>



<b>Agency</b>			<b>New App</b>	<b>Reapp</b>
<b>University of Washington</b>				
004	30000378	UW Bothell	75,938	3,118
001	30000486	Health Sciences Education - T-Wing Renovation/Addition	58,000	9,400
000	40000038	Behavioral Health Teaching Hospital	33,250	0
		<b>Total</b>	<b>167,188</b>	<b>12,518</b>
<b>Washington State University</b>				
001	30001322	Global Animal Health Building	36,400	7,000
006	30001190	Washington State University Tri-Cities - Academic Building	27,000	2,267
091	30000519	Washington State University Pullman - Plant Sciences Building	0	26,213
		<b>Total</b>	<b>63,400</b>	<b>35,480</b>
<b>Eastern Washington University</b>				
003	30000001	Interdisciplinary Science Center	0	55,000
		<b>Total</b>	<b>0</b>	<b>55,000</b>
<b>Central Washington University</b>				
003	30000456	Nutrition Science	32,000	21,550
		<b>Total</b>	<b>32,000</b>	<b>21,550</b>
<b>Western Washington University</b>				
001	30000768	Sciences Building Addition & Renovation	60,000	4,000
		<b>Total</b>	<b>60,000</b>	<b>4,000</b>
<b>Community/Technical College System</b>				
014	30000989	Bates: Medical Mile Health Science Center	40,828	2,933
006	40000112	Minor Works - Program	39,841	0
017	30000990	Shoreline: Allied Health, Science & Manufacturing Replacement	36,642	2,902
004	40000169	Facility Repairs	32,318	0
010	30000987	Pierce Fort Steilacoom: Cascade Building Renovation - Phase 3	31,592	3,278
007	30000985	Wenatchee Valley: Wells Hall Replacement	29,531	2,208
012	30000988	South Seattle: Automotive Technology Renovation and Expansion	23,376	1,782
000	30000137	Edmonds Community College: Science, Engineering, Technology Bldg	0	34,809
000	30000138	Whatcom Community College: Learning Commons	0	27,244
000	30000981	Big Bend: Professional-Technical Education Center	0	24,056
		<b>Total</b>	<b>234,128</b>	<b>99,212</b>
<b>Supt of Public Instruction</b>				
001	40000013	2019-21 School Construction Assistance Program - Maintenance Leve	879,021	0
000	92000142	2019-21 Distressed Schools	23,000	0
000	92000139	admin plug	20,000	0
013	40000003	2017-19 School Construction Assistance Program	0	475,282
013	92000039	K-3 Class-size Reduction Grants	0	109,454
013	92000041	Distressed Schools	0	41,585
013	92000040	Small Rural District Modernization Grants	0	41,000
		<b>Total</b>	<b>922,021</b>	<b>667,321</b>
<b>Statewide Total (Projects \$20 Million or Larger):</b>			<b>2,589,271</b>	<b>1,657,423</b>

The issuance is expected to be allocated to bond authorizations as shown in the table below:

Chapter and Laws (Bond Authorizations)	Bonds			Preliminary Par Amount Allocation
	Authorized	Issued	Unissued	
Ch. 147 -- Laws of 2003, Regular Sess.....	111,635,000	73,585,000	38,050,000	25,000,000
Ch. 167 -- Laws of 2006, Regular Sess.....	166,375,000	136,935,000	29,440,000	10,250,000
Ch. 179 -- Laws of 2008, Regular Sess.....	76,410,000	72,885,000	3,525,000	1,250,000
Ch. 6 -- Laws of 2009, Regular Sess.....	42,535,000	33,860,000	8,675,000	-
Ch. 20 -- Laws of 2013, 2nd Sp. Sess.....	2,036,000,000	1,743,695,000	292,305,000	1,830,000
Ch. 37 -- Laws of 2015, 3rd Sp. Sess.....	2,332,456,000	1,659,020,000	673,436,000	367,101,382
Ch. 3 -- Laws of 2018, Regular Sess.....	3,230,230,000	756,615,000	2,473,615,000	1,746,528,321
Ch. 414 -- Laws of 2019, Regular Sess.....	3,200,926,000	-	3,200,926,000	1,424,260,297
<i>Subtotal.....</i>	<b>\$ 11,196,567,000</b>	<b>\$ 4,476,595,000</b>	<b>\$ 6,719,972,000</b>	<b>\$ 3,576,220,000</b>

- **Counsel and Advisors.**

Bond Counsel: William Tonkin, Foster Pepper PLLC  
 Financial Advisor: Chia-Jung Yang, Montague DeRose and Associates LLC  
 Robert Shelley, Piper Jaffray & Co.

**EXECUTION VERSION**

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1222

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,576,220,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY AND REIMBURSE STATE EXPENDITURES FOR VARIOUS STATE PROJECTS IDENTIFIED IN THE BOND ACT; 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.

ADOPTED: AUGUST 8, 2019

## Table of Contents

Section 1.	Definitions.....	1
Section 2.	Authorization and Purpose of the Bonds .....	4
Section 3.	Description of the Bonds .....	4
Section 4.	Place, Manner and Medium of Payment.....	4
Section 5.	Redemption; Purchase; Notice; Cancellation .....	5
Section 6.	State Debt Limit Not Exceeded .....	6
Section 7.	Security for Bonds .....	6
Section 8.	Deposits Into and Payments from Bond Fund .....	6
Section 9.	Enforcement of Rights .....	7
Section 10.	Form of Bonds .....	7
Section 11.	Execution of Bonds.....	7
Section 12.	Authentication and Delivery of Bonds by Bond Registrar .....	8
Section 13.	Bond Registrar; Registration of Bonds.....	8
Section 14.	Mutilated, Lost, Stolen or Destroyed Bonds.....	10
Section 15.	Defeasance .....	10
Section 16.	Sale of the Bonds .....	11
Section 17.	Official Statement .....	12
Section 18.	Delivery of Bonds.....	12
Section 19.	Disposition of Bond Proceeds.....	12
Section 20.	Tax Covenants .....	12
Section 21.	Undertaking to Provide Ongoing Disclosure.....	13
Section 22.	Alternate Use of Bond Proceeds.....	16
Section 23.	Contract; Severability .....	16
Section 24.	Filing of Resolution .....	16
Section 25.	Ratification.....	16
Section 26.	Immediate Effect.....	17
Exhibit 1 - Schedule of Bond Acts, Chapters and Laws, and Bond Funds		

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1222

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE IN A PRINCIPAL AMOUNT NOT TO EXCEED \$3,576,220,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY AND REIMBURSE STATE EXPENDITURES FOR VARIOUS STATE PROJECTS IDENTIFIED IN THE BOND ACT; 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.

WHEREAS, the Legislature of the State of Washington (the “State”) has authorized the issuance by the State Finance Committee (the “Committee”) of certain general obligation bonds more particularly described in Exhibit 1 of this resolution; and

WHEREAS, the Committee is authorized by chapter 39.42 RCW to provide for the issuance and sale of such bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE ACTING FOR AND ON BEHALF OF THE STATE OF WASHINGTON, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this resolution and of any resolution supplemental hereto, have the meanings specified; words importing the singular number include the plural number and vice versa:

**Authorized General Obligation Bonds** means the aggregate principal amount of the general obligation bonds authorized by the Bond Act.

**Beneficial Owner** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**Bond Act** means, collectively, one or more of the Chapters and Laws set forth in Exhibit 1 attached hereto and specified in a Bond Sale Resolution as the particular authorization being used for a Series of Bonds.

**Bond Fund** means one or more of the debt service funds in the State Treasury created by Chapter 456, Laws of 1997, Sections 30 and 33, known as the Debt-limit General Fund Bond Retirement Account and the Nondebt-limit Reimbursable Bond Retirement Account, as set forth on Exhibit 1 attached hereto and specified in a Bond Sale Resolution as the Bond Fund for a Series of Bonds.

**Bond Register** means the registration books on which are maintained the names and addresses of the Registered Owners of the Bonds.

**Bond Registrar** means the Fiscal Agent.

**Bond Sale Resolution** means a supplemental resolution hereafter adopted by the Committee, or by the State Treasurer on behalf of the Committee as provided in this resolution, that establishes, among other items, the aggregate principal amount, principal amounts per maturity, maturity dates, interest rates, redemption provisions and other terms of a Series of the Bonds that are dependent upon the final pricing of such Bonds, and specifies the Bond Act and the Bond Fund for that Series of Bonds, as such resolution may be amended or supplemented from time to time. Wherever in this resolution reference is made to the adoption of a Bond Sale Resolution by the Committee or to the establishment of any matter relating to the sale of the Bonds by the Committee pursuant to a Bond Sale Resolution, that reference shall include adoption of a Bond Sale Resolution by the State Treasurer on behalf of the Committee as provided in this resolution and shall authorize the establishment of such matters relating to the sale of the Bonds by the State Treasurer pursuant to such a Bond Sale Resolution adopted by the State Treasurer.

**Bonds** means any or all of the general obligation bonds of the State, the sale and issuance of which are provided for in this resolution.

**Chair** means the Chair of the Committee.

**Code** means the Internal Revenue Code of 1986, as amended from time to time, together with all applicable rulings and regulations promulgated thereunder.

**Commission** means the Securities and Exchange Commission.

**Committee** means the State Finance Committee of the State, or any successor thereof.

**Compound Accreted Value** means the amount payable at maturity with respect to any deferred interest Bond equal to the original principal amount thereof and interest thereon, accrued from its date and compounded semiannually on each interest payment date at a rate per annum established by a Bond Sale Resolution.

**Deputy State Treasurer** means the Deputy State Treasurer and Secretary of the Committee.

**DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for each Series of Bonds pursuant to Section 13 hereof.

**Federal Credit Payments** means amounts which the State is entitled to receive as a subsidy or tax credit payable by the United States Treasury to the State in respect of interest on any Bonds issued as Tax-Advantaged Bonds.

**Fiscal Agent** means the fiscal agency or fiscal agencies of the State as appointed from time to time by the Committee pursuant to chapter 43.80 RCW.

**General State Projects** means those projects identified in the Bond Act.

**Issue Date** means the date on which a Series of Bonds is delivered to the initial purchaser or purchasers thereof upon payment in full of the purchase price therefor.

**Laws** means the statutes of the State.

**Legislature** means the Legislature of the State.

**Letter of Representations** means the Blanket Issuer Letter of Representations from the State to DTC.

**MSRB** means the Municipal Securities Rulemaking Board.

**Registered Owner** means, with respect to each Series of the Bonds, the person named as the registered owner of a particular Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

**Rule** means the Commission's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

**Series** shall refer to each issue of Bonds issued in the future and identified by a separate series designation.

**State** means the State of Washington.

**Taxable Bonds** means all Bonds that are identified as taxable bonds in the Bond Sale Resolution.

**Tax-Advantaged Bonds** means any Bonds other than Tax-Exempt Bonds that are designated by the State as Bonds with respect to which the State is eligible to receive Federal Credit Payments or the holders of which are eligible to receive a federal tax credit under any federal subsidy or credit program available under the Code.

**Tax-Exempt Bonds** means all Bonds that are identified as tax-exempt bonds in the Bond Sale Resolution.

**Term Bonds** means all Bonds that are identified as term bonds in the Bond Sale Resolutions, the payment of which will be made from mandatory sinking fund deposits into the Bond Fund.

**Underwriters** means the underwriters identified in the Bond Sale Resolutions.

Section 2. Authorization and Purpose of the Bonds. For the purpose of providing funds to finance the General State Projects, and all costs incidental thereto, and for the payment of the expenses incurred in connection with the sale and issuance of the Bonds, the Committee hereby authorizes, on behalf of the State, the sale and issuance of the Bonds in one or more sales and one or more Series, all as provided in the Bond Act.

The Committee covenants on behalf of the State that no Series of Bonds will be offered for sale without prior appropriation by the Legislature of the net proceeds of sale of such Bonds, and that, as of the Issue Date of each Series of the Bonds, the aggregate principal amount of Authorized General Obligation Bonds that the Committee shall have sold and issued, including the Bonds, will not exceed the total principal amount authorized by the Bond Act to be issued.

Section 3. Description of the Bonds. The Bonds shall be in an aggregate principal amount of not to exceed \$3,576,220,000. The Tax-Exempt Bonds and Tax-Advantaged Bonds shall be designated "Various Purpose General Obligation Bonds," and the Taxable Bonds shall be designated "General Obligation Bonds (Taxable)," each with such additional Series designation or other designations established by a Bond Sale Resolution. Each Series of Bonds shall be dated as of their Issue Date; shall be issued in fully registered form; shall be in the denomination (or, as to deferred interest Bonds, a Compound Accreted Value at maturity) of \$5,000 each or any integral multiple thereof within a single maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall mature on the date or dates in each of the years and in the principal amounts to be established by a Bond Sale Resolution. The Bond Sale Resolution shall designate whether all or a portion of the Bonds of a Series will be issued as serial bonds or Term Bonds.

Current interest Bonds of a Series shall bear interest from their Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable at such rate or rates on such interest payment dates as are established by the Bond Sale Resolution, to the maturity or earlier redemption thereof. Deferred interest Bonds shall bear interest from their date, payable at maturity, at such rate or rates compounded semiannually to produce the approximate yields to maturity as the Committee hereafter shall establish by a Bond Sale Resolution. If any Bond shall have been duly presented for payment and not paid on such applicable date, then interest shall continue to accrue thereafter at the interest rate stated on such Bond until it is paid.

Nothing in this resolution shall preclude the Committee from providing by separate resolution for the issuance and sale of a portion of the Bonds as a Series of variable interest rate Bonds.

Section 4. Place, Manner and Medium of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. If the Bonds of any Series are in fully immobilized form and held by DTC, such payments of principal and interest on such Series shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.



If the Bonds of any Series are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of such Bonds (if agreed to by the Committee)) to the Registered Owners of the Bonds of such Series at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners to the Bond Registrar.

Section 5. Redemption; Purchase; Notice; Cancellation.

(a) Optional and Mandatory Redemption. The Bond Sale Resolution for a Series shall designate which maturities of the Series, if any, are subject to optional and mandatory redemption, and shall further provide for the time, manner and price at which such Series of Bonds may be redeemed prior to their stated maturities. As long as the Bonds are held in book-entry only form, the selection of Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made in a random method determined by the Bond Registrar.

(b) Partial Redemption. Any Bond in the principal amount of greater than \$5,000 may be partially redeemed in any integral multiple of \$5,000. If the Bonds are no longer held in book-entry only form, then in such event, upon surrender of such Bond to the Bond Registrar, a new Bond or Bonds (at the option of the Registered Owner), of the same Series, date, maturity and interest rate and in the aggregate principal amount remaining unredeemed, in any denomination authorized by this resolution, shall be authenticated and delivered, without charge, to the Registered Owner thereof.

(c) Purchase. The State hereby reserves the right to purchase any or all of the Bonds offered for sale to the State at any time, at any price.

(d) Effect of Optional Redemption/Purchase. If the State redeems under the optional redemption provisions, purchases in the open market or defeases Term Bonds of a Series, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The State Treasurer shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation at least 60 days prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(e) Notice of Redemption. While the Bonds are held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then in effect at DTC, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form, the State shall cause notice of any such intended redemption (which redemption shall be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption) to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond

Register on the day the notice is mailed, and the requirements of this sentence shall be deemed to be complied with when notice is mailed as herein provided, whether or not it is actually received by the Registered Owner. Additional notice of redemption may be sent at least 35 days before the redemption date to the MSRB and to such persons and with such additional information as the Deputy State Treasurer shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(f) Rescission of Optional Redemption Notice. In the case of an optional redemption, the notice of redemption may state that the State retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been given shall remain outstanding.

(g) Effect of Redemption. If the State shall have set aside on the date fixed for redemption sufficient money for the payment of Bonds called for redemption on the date fixed for redemption, the Bonds so called shall cease to accrue interest after such redemption date, and all such Bonds shall be deemed not to be outstanding hereunder for any purpose, except that the Registered Owners thereof shall be entitled to receive payment of the redemption price and accrued interest to the redemption date from the money set aside for such purpose.

(h) Cancellation of Bonds. All Bonds purchased or redeemed under this Section 5 shall be canceled.

Section 6. State Debt Limit Not Exceeded. The Committee covenants on behalf of the State that, as of the Issue Date of each Series, the Bonds of that Series shall be issued within the debt limitation of the State.

Section 7. Security for Bonds.

(a) Pledge of Full Faith and Credit. The Bonds are general obligations of the State. The State, acting by and through the Committee, pledges its full faith and credit to the payment of the principal of and the interest on the Bonds and unconditionally promises to pay that principal and interest as the same shall become due.

(b) Additional Means for Payment of Bonds. The Legislature may provide additional means for raising money for the payment of the principal of and interest on the Authorized General Obligation Bonds, and the Bond Act shall not be deemed to provide an exclusive method for such payment.

Section 8. Deposits Into and Payments from Bond Fund.

(a) Deposits into Bond Fund. On behalf of the State and as a part of the contract of sale of the Bonds, it is hereby covenanted and agreed with the Registered Owners from time to time of the Bonds that the Committee shall, on or before June 30 of each year, certify to the State Treasurer the amount needed in the ensuing 12 months to meet the Bond retirement and interest requirements on the Bonds; provided, however, that the percentage of receipts required in connection with the payments due prior to the start of the next fiscal year

shall be estimated within 30 days following the date of sale of the Bonds. On each date on which any interest or principal and interest payment is due with respect to the Bonds, the State Treasurer shall withdraw from any general State revenues received in the State Treasury and deposit in the Bond Fund an amount equal to the amount certified by the Committee to be due with respect to those Bonds on the payment date. Any amounts received from the Federal government as credit payments with respect to Bonds issued as Tax-Advantaged Bonds shall be deposited in the Bond Fund.

Interest earnings on money in the Bond Fund shall remain in the Bond Fund and shall be used and applied to pay the principal and interest on the Bonds or other bonds payable from the Bond Fund.

(b) Payments from Bond Fund. On or before each date that payments are due on the Bonds, the State Treasurer shall pay from the Bond Fund to the Bond Registrar sufficient money to pay the principal of and interest next coming due on the Bonds then outstanding. For purposes of this Section 8, principal of the outstanding Bonds shall be considered as coming due on their respective dates of maturity or, in the case of Term Bonds, on the dates and in the amounts scheduled for their mandatory redemption. The amount required to be deposited into the Bond Fund and paid to the Bond Registrar, for purposes of effecting the payment of the Bonds or the mandatory redemption of Term Bonds, is subject to reduction arising from the State's purchase or optional redemption of the Bonds in the manner described in Section 5 of this resolution.

(c) Reimbursements of the General Fund. The General Fund in the State Treasury shall be reimbursed with respect to payments made on account of the Bonds in the manner and to the extent described in the applicable Bond Acts.

Section 9. Enforcement of Rights. The Registered Owner of each Bond, or a trustee for the Registered Owners of any of the Bonds, may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in the Bond Act and this resolution.

Section 10. Form of Bonds. The Bonds shall be prepared in a form consistent with the provisions of this resolution, the applicable Bond Sale Resolution and state law.

Section 11. Execution of Bonds. The Bonds shall be executed on behalf of the State by the facsimile or manual signatures of the Governor and the State Treasurer. A facsimile of the official seal of the State shall be imprinted or otherwise reproduced on the Bonds, and the facsimile is adopted as the seal of the State for the Bonds. If any officer who shall have signed or whose facsimile signature appears on any Bond shall cease to be that officer before that Bond shall have been actually authenticated or issued, that Bond, nevertheless, may be authenticated and issued and, upon such authentication and issue, shall be as binding upon the State as though that person had not ceased to be that officer. Any Bond may be executed on behalf of the State by an officer who, on the actual date of execution of the Bond, shall be the proper officer of the State, although on the date of the Bond that officer might not have held that office.

Section 12. Authentication and Delivery of Bonds by Bond Registrar. The Bond Registrar is authorized and directed, on behalf of the State, to authenticate and deliver the Bonds initially issued or transferred or exchanged in accordance with the provisions of the Bonds and this resolution. Only those Bonds bearing a Certificate of Authentication in the following form, manually executed by an authorized representative of the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: “Certificate of Authentication. This Bond is one of the State of Washington [Name of Series], dated \_\_\_\_\_, 20\_\_, described in the Bond Resolution.” The Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

Section 13. Bond Registrar; Registration of Bonds.

(a) Registration Covenant. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The State covenants that, until all Bonds have been surrendered and canceled, it will maintain or cause to be maintained a system of recording the ownership of each Bond that complies with the provisions of Section 149(a) of the Code.

(b) Bond Registrar. The Bond Registrar shall keep, or cause to be kept, the Bond Register at its principal corporate trust office, which shall be open to inspection by the State at all times during regular business hours. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the State, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the State’s paying agent for the Bonds and to carry out all of the Bond Registrar’s powers and duties under this resolution.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar’s Certificate of Authentication on the Bonds. The Bond Registrar may become either a Registered or Beneficial Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

(c) Registered Ownership. The State and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 21 of this resolution), and neither the State nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4 of this resolution, but the registration may be transferred as herein provided. All payments made as described in Section 4 shall be valid and shall satisfy and discharge the liability of the State upon the Bond to the extent of the amount or amounts so paid.

(d) DTC Acceptance/Letter of Representations. To induce DTC to accept each Series of Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to each Series of Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on any Series of Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution or a Bond Sale Resolution (except such notices as shall be required to be given by the State to the Bond Registrar or to DTC (or any successor depository), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series of Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner of such Series for all purposes hereunder and under the respective Bond Sale Resolution, and all reference herein to the Registered Owners shall mean DTC ( or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series of Bonds.

(e) Use of Depository.

(i) Unless otherwise specified in a Bond Sale Resolution, the Bonds of each Series authorized herein shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, with all Bonds maturing on the same maturity date and bearing the same interest rate in the form of a single certificate. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Committee pursuant to subsection (ii) below or such substitute depository’s successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a Series, together with a written request on behalf of the Committee, issue a single new Bond for each maturity of the Series of the immobilized Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be

obtained, or (B) the Committee determines that it is in the best interest of the Beneficial Owners of any Series of Bonds that owners of Bonds of that Series be able to obtain those bonds in the form of Bond certificates, the ownership of that Series of Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Committee shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds for that Series to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of that Series together with a written request on behalf of the Committee to the Bond Registrar, new Bonds of the same Series shall be issued in the appropriate denominations and registered in the names of those persons as are identified in such written request.

(f) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any Bond shall be valid unless such Bond is surrendered to the Bond Registrar, with the assignment form appearing on such Bond duly executed by the Registered Owner or its duly authorized agent in a manner satisfactory to the Bond Registrar. Upon surrender of a Bond for transfer or exchange, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Bond or Bonds (at the option of the new Registered Owner) of the same Series, date, maturity and interest rate and for the same aggregate principal amount of the surrendered Bond, in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for the surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds, as appropriate, of the same Series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during the 15 days preceding any interest payment, principal payment or redemption date.

Section 14. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, lost, stolen or destroyed, the Bond Registrar shall, upon request of the State, authenticate and deliver a new Bond, as appropriate, of the same Series, date, interest rate and maturity and of like tenor and effect in substitution therefor, all in accordance with Law. If the lost, stolen or destroyed Bond has matured, the State, at its option, may pay the same without its surrender, in accordance with Law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to the Bond Registrar of the ruction or loss of the original Bond and of its ownership and (b) such additional security, indemnity or evidence as may be required by the Committee. No substitute Bond shall be furnished until the applicant shall reimburse the State and the Bond Registrar for their respective expenses in the furnishing thereof. Each substitute Bond shall be equally and proportionately entitled to the security of this resolution with all other Bond or Bonds of the same Series, as appropriate, then outstanding. The State shall not be required to treat both the original Bond and any duplicate Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be issued and outstanding hereunder, but both the original and the duplicate Bond shall be treated as one and the same.

Section 15. Defeasance. If money and/or “Government Obligations” (as defined in chapter 39.53 RCW, as now in existence or hereafter amended) maturing at such time(s) and

bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment of the principal of and interest on all or a designated portion of a Series of Bonds when due in accordance with their respective terms are set aside in a special fund (hereinafter called the “trust account”) to effect such payment, and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the State for the purpose of effecting such payment, then no further payments need be made into the Bond Fund for the payment of principal of and interest on such Bonds, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of this resolution, except the right to receive payment of the principal of and interest on such Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in the trust account, and such Bonds shall no longer be deemed to be outstanding hereunder.

#### Section 16. Sale of the Bonds.

(a) Methods of Sale of Bonds. The Deputy State Treasurer is hereby authorized to determine, for each Series of Bonds, whether such Bonds will be sold competitively at public sale or whether such Series will be sold by means of a negotiated sale to one or more Underwriters.

If the Deputy State Treasurer determines to sell Bonds at a public sale, [s]he shall: (i) establish the date of the public sale; (ii) establish the criteria by which the successful bidder will be determined; (iii) determine the amount, form and method of delivery of a good faith deposit to the State; (iv) cause notice of the public sale to be given; and (v) provide for such other matters pertaining to the public sale as [s]he deems necessary or desirable.

If the Deputy State Treasurer determines to sell Bonds by means of a negotiated sale, [s]he is authorized to solicit proposals for the selection of firms to serve as Underwriters for such Bonds and to negotiate the terms of a bond purchase contract for the sale of those Bonds.

(b) Adoption of Bond Sale Resolutions. The State Treasurer is authorized, on behalf of the Committee, to adopt a Bond Sale Resolution to approve the sale of a Series of the Bonds within the aggregate total amount of Bonds authorized by this resolution.

Provisions of the Bond Sale Resolution may include, without limitation, (i) provisions for the acceptance of offers to purchase the Bonds and provisions for the sale and delivery of the Bonds to the purchasers; (ii) provisions for the date or dates, price or prices, aggregate principal amount of the Series, principal amounts per maturity, delivery dates, and interest rate or rates (or mechanisms for determining the interest rate or rates); (iii) redemption provisions; and (iv) other terms and conditions required by or otherwise not inconsistent with the provisions of this resolution.

(c) Elections to Treat Bonds as Tax-Advantaged Bonds. If the State Treasurer determines that it is beneficial to the State for a Series of Bonds to be sold and issued as Tax-Advantaged Bonds, the Bond Sale Resolution shall include those elections and other provisions as may be required under the Code for the State to designate that Series of Bonds as Tax-Advantaged Bonds and may authorize other actions as are necessary or appropriate for the State

to receive from the United States Treasury the applicable Federal Credit Payments or for the holders to receive the applicable tax credit in respect of those Bonds.

Section 17. Official Statement. To allow the initial Underwriters of the Bonds of each Series to comply with Section (b)(1) of the Rule, the Committee hereby authorizes the State Treasurer or Deputy State Treasurer to execute a certificate “deeming final,” as of its date, the preliminary official statement to be prepared by the State in connection with the offering of each Series of Bonds. A preliminary official statement may be deemed final even though it omits information as to offering prices, interest rates, selling compensation, aggregate principal amounts, principal amount per maturity, maturity dates, options of redemption, delivery date, ratings and other terms of the Bonds that are dependent on such matters.

The Committee authorizes and approves the preparation, execution (which may be through a certificate) by the State Treasurer or Deputy State Treasurer and delivery to the Underwriter of a final official statement for the Bonds of each Series, in the form of the preliminary official statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the State Treasurer or Deputy State Treasurer. The Committee authorizes and approves the distribution by the Underwriters of the preliminary official statement to potential purchasers of the Bonds and the final official statement to purchasers of the Bonds.

Section 18. Delivery of Bonds. The proper State officials are authorized and directed to execute all documents and to do everything necessary, without unreasonable delay after each Bond Sale Resolution is adopted, for (a) the preparation and delivery of transcripts of proceedings pertaining to the Series of Bonds sold thereunder, and (b) the preparation, authentication and delivery of such Bonds, in definitive form, to the initial Underwriters thereof.

Each Series of Bonds will be prepared at the State’s expense and will be delivered to the initial Underwriters thereof in accordance with its offer to purchase the Bonds of such Series, with the approving legal opinion of Bond Counsel regarding each such Series.

Section 19. Disposition of Bond Proceeds. The proceeds from the sale of each Series of Bonds, together with all other money which the Committee may direct the State Treasurer to deposit therein, shall be deposited to the credit of accounts identified in the applicable Bond Sale Resolution and shall be used exclusively to pay or reimburse prior expenditures made for costs of carrying out the purposes specified in the Bond Act, including the payment of costs of issuance.

The State reserves the right to amend the Bond Act and this resolution so as to provide different or additional purposes for which the proceeds from the sale of the Bonds may be used.

Section 20. Tax Covenants. The Committee on behalf of the State covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Tax-Exempt Bonds and will take or require to be taken such acts as may be permitted by law and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Tax-Exempt Bonds. Without limiting the generality of the foregoing, the State will comply with Section 148 of the Code, will spend the proceeds of the Tax-Exempt Bonds



with due diligence to completion of the purposes specified herein, will pay any required rebate or penalty (if permitted in lieu of loss of tax exemption) to the United States under Section 148(f) of the Code, and will not invest or make other use of the proceeds of the Tax-Exempt Bonds or of its other money or take such other intentional acts at any time during the term of the Tax-Exempt Bonds that will cause such Tax-Exempt Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The State Treasurer may establish such accounts and/or subaccounts as the State Treasurer deems necessary to comply with this section.

The Committee on behalf of the State also covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the entitlement of the State to receive from the United States Treasury the applicable Federal Credit Payments in respect of Tax-Advantaged Bonds, or the entitlement of the Beneficial Owners to receive tax credits in respect of Tax-Advantaged Bonds.

#### Section 21. Undertaking to Provide Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the State's written undertaking for the benefit of the owners of each Series of the Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data.

(i) *Annual Disclosure Report.* The State covenants and agrees that not later than seven months after the end of each fiscal year (the "Submission Date"), the State shall provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (ii) of this subsection (b). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (ii) of this subsection (b); provided that any Audited Financial Statements (hereinafter defined) may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such Audited Financial Statements are not available by the Submission Date. If the State's fiscal year changes, the State shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection (c) hereof, and if for any fiscal year the State does not furnish an Annual Disclosure Report to the MSRB by the Submission Date, the State shall send a notice to the MSRB.

(ii) *Content of Annual Disclosure Reports.* The State's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited Financial Statements.* Audited financial statements of the State prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as the same shall be amended from time to time, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most

recently prepared for the State, and the State's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available;

(B) *Financial and Operating Data.* Historical financial and operating data for the State of the type included in the official statement for such Series; and

(C) *Amendments.* A narrative explanation of any reasons for any amendments to this undertaking made during the previous fiscal year and the effect of such amendments on the Annual Disclosure Report being provided.

Any or all of the items listed above may be included by specific reference to documents available to the public on the internet website of the MSRB or filed with the Commission. The State shall identify clearly each document so included by reference.

If not provided as part of the Annual Disclosure Report discussed above, the State shall provide the State's audited annual financial statements prepared in accordance with regulations prescribed by the State auditor when and if available to the MSRB.

(c) Listed Events. The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB notice of the occurrence of any of the following events with respect to the respective Series of Bonds (which may be amended if the Rule is amended prior to the Issue Date of any Series of Bonds): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of owners, if material; (8) Bond calls (other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856), if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing the repayment of the respective Series of Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the State, as such "Bankruptcy Events" are defined in the Rule; (13) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State or obligated person, any of which reflect financial difficulties. The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with,

or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Bonds, the State may state in its preliminary and final official statements for any Series that there is no property securing the repayment of such Bonds nor, if applicable, are there any debt service reserves or credit enhancement or liquidity provider.

(d) Notice Upon Failure to Provide Financial Data. The State agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) Termination/Modification. The State’s obligations to provide annual financial information and notices of listed events with respect to each Series of Bonds shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds of such Series. This section, or any provision hereof, shall be null and void if the State (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies, in a timely manner, the MSRB of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the State may amend this section and any provision of this section may be waived, with an approving opinion of nationally recognized bond counsel to the effect that such amendment or waiver is permitted by the Rule.

In the event of any amendment of or waiver of a provision of this section, the State shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the State. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) Owner’s Remedies Under this Section. The right of the Registered Owners or any beneficial owner to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the State’s obligations hereunder, and any failure by the State to comply with the provisions of this undertaking shall not be a default with respect to the Bonds under this resolution.

(g) Additional Information. Nothing in this section shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set

forth in this section or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a listed event, in addition to that which is required by this section. If the State chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a listed event in addition to that specifically required by this section, the State shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a listed event.

Section 22. Alternate Use of Bond Proceeds. Nothing in this resolution or the Bonds shall prevent the State from properly authorizing that the Bond proceeds may be expended for purposes other than provided in Section 2 of this resolution.

Section 23. Contract; Severability. The covenants contained in this resolution and in the Series of Bonds issued hereunder shall constitute a contract between the State and the Registered Owner of each Bond. If any one or more of the covenants or agreements provided in this resolution, to be performed by the State, shall be declared by any court of competent jurisdiction after final appeal (if any appeal be taken) to be contrary to law, then the covenant or covenants, agreement or agreements, shall be null and void, shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution, the Bonds.

Section 24. Filing of Resolution. The Deputy State Treasurer is directed to file with the State Treasurer, pursuant to RCW 39.42.100, a certified copy of this resolution immediately upon its adoption.

Section 25. Ratification. All actions heretofore taken by officers or staff of the Committee consistent with the terms of this resolution are ratified, approved and confirmed.

*[remainder of page intentionally left blank]*

Section 26. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 8<sup>th</sup> day of August, 2019.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Duane A. Davidson  
State Treasurer and Chair

By \_\_\_\_\_  
Jay Inslee  
Governor and Member

By \_\_\_\_\_  
Cyrus Habib  
Lieutenant Governor and Member

ATTEST:

\_\_\_\_\_  
Jason P. Richter  
Deputy State Treasurer and Secretary

## EXHIBIT 1

### BOND ACTS, CHAPTERS AND LAWS, AND BOND FUNDS

#### Exhibit 1A -- Authorization Allocation

Chapter and Laws (Bond Authorizations)	Bonds Authorized	Issued	Unissued	Preliminary Par Amount Allocation
Ch. 147 -- Laws of 2003, Regular Sess.....	111,635,000	73,585,000	38,050,000	25,000,000
Ch. 167 -- Laws of 2006, Regular Sess.....	166,375,000	136,935,000	29,440,000	10,250,000
Ch. 179 -- Laws of 2008, Regular Sess.....	76,410,000	72,885,000	3,525,000	1,250,000
Ch. 6 -- Laws of 2009, Regular Sess.....	42,535,000	33,860,000	8,675,000	-
Ch. 20 -- Laws of 2013, 2nd Sp. Sess.....	2,036,000,000	1,743,695,000	292,305,000	1,830,000
Ch. 37 -- Laws of 2015, 3rd Sp. Sess.....	2,332,456,000	1,659,020,000	673,436,000	367,101,382
Ch. 3 -- Laws of 2018, Regular Sess.....	3,230,230,000	756,615,000	2,473,615,000	1,746,528,321
Ch. 414 -- Laws of 2019, Regular Sess.....	3,200,926,000	-	3,200,926,000	1,424,260,297
<i>Subtotal</i> .....	\$ 11,196,567,000	\$ 4,476,595,000	\$ 6,719,972,000	\$ 3,576,220,000

**Exhibit 1B -- Chapter and Laws with Fund Detail**

Bonds	Ch	Laws	Sess	Sec	OST Autho	Debt		Capital Fund Number* Taxable	Capital Fund Name
						Service Fund Number*	Fund		
VP GO	147	2003	1R	7	800	383	218		Multimodal Transportation Account
VP GO	167	2006	1R	201	854	380	10P		Columbia River Basin Water Supply
VP GO	167	2006	1R	201	854	380	18B		Columbia River Basin Taxable Bond Water Supply
VP GO	167	2006	1R	401	856	380	057		State Building Construction Account
VP GO	179	2008	1R	102	905	380	057		State Building Construction Account
VP GO	179	2008	1R	202	906	383	359		School Construction & Skill Centers Building
VP GO	6	2009	1R	1	907	380	057		State Building Construction Account
VP GO	20	2013	2S	2(a)	1129	380	057		State Building Construction Account
VP GO	20	2013	2S	2(e)	1129	380	09C		Farmlands Preservation Account
VP GO	37	2015	3S	2(a)	1240	380	057		State Building Construction Account
GO	37	2015	3S	2(b)	1240	380	355	Yes	State Taxable Building Const. Account
VP GO	3	2018	1R	102(a)	1354	380	057		State Building Construction Account
GO	3	2018	1R	102(b)	1354	380	355	Yes	State Taxable Building Const. Account
VP GO	3	2018	1R	203	1355	380	22K		Watershed Restoration and Enhancement Bond Account.
GO	3	2018	1R	203	1355	380	377	Yes	Watershed Restoration and Enhancement Taxable Bond Account
VP GO	414	2019	1R	2(a)	1356	380	057		State Building Construction Account
GO	414	2019	1R	2(b)	1356	380	355	Yes	State Taxable Building Const. Account

**\* Fund Definitions**

057	State Building Construction Account
070	Outdoor Recreation Account
072	St/Loc Impr Rev Acct Water Sup Fac
09C	Farmlands Preservation Account
09G	Riparian Protection Account
10P	Columbia River Basin Water Supply
10T	Hood Canal Aquatic Rehab Bond
18B	Columbia River Basin Taxable Bond Water Supply
218	Multimodal Transportation Account
22K	Watershed Restoration and Enhancement Bond Account.
244	Habitant Conservation Account
355	State Taxable Building Const. Account
357	Gardner-Evans Higher Ed Construction
359	School Construction & Skill Centers Building
377	Watershed Restoration and Enhancement Taxable Bond Account
380	Debt-Limit GF Bond Retirement Acct
383	Nondebt-Limit Reimbursable Bond Ret

CERTIFICATE

I, Jason P. Richter, the duly appointed, qualified and acting Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1222 of such Committee, adopted at an open public meeting thereof held on this 8<sup>th</sup> day of August, 2019, 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: August 8, 2019.

---

Jason P. Richter, Secretary  
State Finance Committee





**DUANE A. DAVIDSON**, Chairman  
State Treasurer

**JAY R. INSLEE**  
Governor

**CYRUS HABIB**  
Lieutenant Governor

**State of Washington**  
**STATE FINANCE COMMITTEE**

---

August 8, 2019

MEMORANDUM

TO: The Honorable Duane A. Davidson  
The Honorable Jay R. Inslee  
The Honorable Cyrus Habib

FROM: Jason P. Richter  
Deputy State Treasurer

RE: **Proposed Resolution No. 1223** authorizes the issuance and sale of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds

Proposed Resolution No. 1223 authorizes the issuance of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, in the a principal amount not to exceed \$402,462,000 for the purpose of providing funds to pay and reimburse state expenditures for various transportation projects identified in the Bond Act; 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. 1223 also authorizes the State Treasurer to establish the method of sale of bonds and adopt bond sale resolutions.

The Bonds will be used to fund various transportation capital projects throughout the state as authorized by the 2019-21 Transportation Budget. Issuance is currently planned on a semi-annual schedule. Examples of projects to be funded in part by bond proceeds for the 2019-21 Biennium are attached. Bond proceeds are to be deposited in the following funds:

<u>Number</u>	<u>Fund Name</u>	<u>Amount</u>
09H	Transportation Partnership Account	327,188,000
215	Special Categiry C Account	75,274,000
	<b>TOTAL</b>	<b>402,462,000</b>

**Office of the State Treasurer**

Legislative Building, P.O. Box 40200 • Olympia, Washington 98504-0200 • (360) 902-9000  
TTY CALL 711 • FAX (360) 902-9045 • Home Page <http://www.tre.wa.gov>

The issuance is expected to be allocated to the bond authorizations as shown in the table below:

Chapter and Laws (Bond Authorizations)	Bonds			Preliminary Allocation
	Authorized 6/30/2019	Issued 6/30/2019	Unissued 6/30/2019	
Ch. 83 -- Laws of 1967, 1st Ex. Sess.....	98,395,000	55,825,000	42,570,000	-
Ch. 293 -- Laws of 1990.....	15,000,000	13,400,000	1,600,000	-
Ch. 431 -- Laws of 1993, as amended.....	340,625,000	114,792,709	225,832,291	75,274,000
Ch. 432 -- Laws of 1993.....	81,280,000	6,085,000	75,195,000	-
Ch. 440 -- Laws of 1993.....	31,660,000	24,150,000	7,510,000	-
Ch. 15 -- Laws of 1995, 2nd Sp. Sess.....	11,200,000	4,990,000	6,210,000	-
Ch. 321 -- Laws of 1998.....	1,148,740,000	1,118,246,712	30,493,288	-
Ch. 147 -- Laws of 2003.....	1,852,260,000	1,639,768,877	212,491,123	-
Ch. 315 -- Laws of 2005.....	4,680,835,000	3,305,338,336	1,375,496,664	327,188,000
<b>Total.....</b>	<b>8,259,995,000</b>	<b>6,282,596,634</b>	<b>1,977,398,366</b>	<b>402,462,000</b>

- **Counsel and Advisors.**

Bond Counsel: William Tonkin, Foster Pepper PLLC  
 Financial Advisor: Chia-Jung Yang, Montague DeRose and Associates LLC  
 Robert Shelley, Piper Jaffray & Co.

### Western Washington

**I-5/Tacoma HOV Improvements:** This segment of I-5 experiences congestion and mobility problems due to high traffic volumes and is identified as part of the core HOV program. This project constructs HOV lanes from South 48th Street to the King County line.

**Alaskan Way Viaduct:** The Alaskan Way Viaduct, an elevated section of State Route 99 in Seattle, was built in the 1950s. The elevated highway was damaged during the region's 2001 Nisqually earthquake and studies indicate that it may collapse if another major earthquake occurs. The structure is being replaced with a two-mile-long bored tunnel and other improvements along the SR 99 corridor. After the SR 99 tunnel opens, the viaduct will be demolished and the City of Seattle will build a new waterfront Alaskan Way surface street linking the tunnel's south end with the waterfront and downtown.

### Eastern Washington

**I-90/Snoqualmie Pass East - Hyak to Keechelus Dam - Corridor Improvement:** The section of I-90 between Hyak and Lake Keechelus Dam experiences congestion due to increasing traffic volumes and closures for avalanche control. By adding lanes to this section and realigning the roadway, the project will decrease congestion, minimize closures due to avalanche control, and increase safety.

**SR 28/E Wenatchee - Access Control:** Access to SR 28 from the local roadway network between the Columbia River and SR 28, immediately south of US 2/97, is provided by stop-controlled intersections that have mobility and safety performance opportunities. Recent safety improvements at the intersection of US 2/97 and SR 28 altered to Cascade Avenue, leaving westbound travelers in this area to access the highway network at these stop controlled intersections along SR 28. Constructing a roundabout at SR 28 and 35th St. and revising access to Cascade Avenue at US 2/97 to right-in only will improve safety, access to local roadway network, and aide access for future economic development in the area.

**EXECUTION VERSION**

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1223

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON PROVIDING FOR THE ISSUANCE OF MOTOR VEHICLE FUEL TAX GENERAL OBLIGATION BONDS OF THE STATE, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$402,462,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY AND REIMBURSE STATE EXPENDITURES FOR VARIOUS TRANSPORTATION PROJECTS IDENTIFIED IN THE BOND ACT; 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.

ADOPTED: AUGUST 8, 2019

## Table of Contents

Section 1.	Definitions.....	1
Section 2.	Authorization and Purpose of the Bonds .....	4
Section 3.	Description of the Bonds .....	4
Section 4.	Place, Manner and Medium of Payment.....	4
Section 5.	Redemption; Purchase; Notice; Cancellation .....	5
Section 6.	Security for Bonds .....	6
Section 7.	Deposits Into and Payments from Bond Fund and Specific Covenants .....	8
Section 8.	Enforcement of Rights .....	8
Section 9.	Form of Bonds .....	8
Section 10.	Execution of Bonds.....	9
Section 11.	Authentication and Delivery of Bonds by Bond Registrar .....	9
Section 12.	Bond Registrar; Registration of Bonds.....	9
Section 13.	Mutilated, Lost, Stolen or Destroyed Bonds.....	11
Section 14.	Defeasance .....	12
Section 15.	Sale of the Bonds .....	12
Section 16.	Official Statement .....	13
Section 17.	Delivery of Bonds.....	13
Section 18.	Disposition of Bond Proceeds.....	13
Section 19.	Tax Covenants .....	14
Section 20.	Undertaking to Provide Ongoing Disclosure.....	14
Section 21.	Alternate Use of Bond Proceeds.....	17
Section 22.	Contract; Severability .....	17
Section 23.	Filing of Resolution .....	17
Section 24.	Ratification.....	17
Section 25.	Immediate Effect.....	17

Exhibit 1 - Schedule of Bond Acts, Chapters and Laws and Bond Funds

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1223

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON PROVIDING FOR THE ISSUANCE OF MOTOR VEHICLE FUEL TAX GENERAL OBLIGATION BONDS OF THE STATE, IN PRINCIPAL AMOUNT NOT TO EXCEED \$402,462,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY AND REIMBURSE STATE EXPENDITURES FOR VARIOUS TRANSPORTATION PROJECTS IDENTIFIED IN THE BOND ACT; 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.

WHEREAS, the Legislature of the State of Washington (the “State”) has authorized the issuance by the State Finance Committee (the “Committee”) of certain motor vehicle fuel tax general obligation bonds pursuant to bond authorizing legislation more particularly described in Exhibit 1 of this resolution; and

WHEREAS, the Committee is authorized by chapter 39.42 RCW to provide for the issuance and sale of such bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE ACTING FOR AND ON BEHALF OF THE STATE OF WASHINGTON, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this resolution and of any resolution supplemental hereto, have the meanings specified; words importing the singular number include the plural number and vice versa:

**Authorized Motor Vehicle Bonds** means the aggregate principal amount of the motor vehicle fuel tax general obligation bonds authorized by the Bond Act.

**Beneficial Owner** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**Bond Act** means, collectively, one or more of the Chapters and Laws set forth in Exhibit 1 attached hereto and specified in a Bond Sale Resolution as the particular authorization being used for a Series of Bonds.

**Bond Fund** means the highway bond retirement account created in the State Treasury.

**Bond Register** means the registration books on which are maintained the names and addresses of the Registered Owners of the Bonds.

**Bond Registrar** means the Fiscal Agent.

**Bond Sale Resolution** means a supplemental resolution hereafter adopted by the Committee, or by the State Treasurer on behalf of the Committee as provided in this resolution, that establishes, among other items, the aggregate principal amount, principal amounts per maturity, maturity dates, interest rates, redemption provisions and other terms of a Series of the Bonds that are dependent upon the final pricing of such Bonds, and specifies the Bond Act for that Series of Bonds, as such resolution may be amended or supplemented from time to time. Wherever in this resolution reference is made to the adoption of a Bond Sale Resolution by the Committee or to the establishment of any matter relating to the sale of the Bonds by the Committee pursuant to a Bond Sale Resolution, that reference shall include adoption of a Bond Sale Resolution by the State Treasurer on behalf of the Committee as provided in this resolution and shall authorize the establishment of such matters relating to the sale of the Bonds by the State Treasurer pursuant to such a Bond Sale Resolution adopted by the State Treasurer.

**Bonds** means any or all of the motor vehicle fuel tax general obligation bonds of the State, the sale and issuance of which are provided for in this resolution.

**Chair** means the Chair of the Committee.

**Code** means the Internal Revenue Code of 1986, as amended from time to time, together with all applicable rulings and regulations promulgated thereunder.

**Commission** means the Securities and Exchange Commission.

**Committee** means the State Finance Committee of the State, or any successor thereof.

**Compound Accreted Value** means the amount payable at maturity with respect to any deferred interest Bond equal to the original principal amount thereof and interest thereon, accrued from its date and compounded semiannually on each interest payment date at a rate per annum established by a Bond Sale Resolution.

**Deputy State Treasurer** means the Deputy State Treasurer, or Acting Deputy State Treasurer, and Secretary of the Committee.

**DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for each Series of Bonds pursuant to Section 12 hereof.

**Federal Credit Payments** means amounts which the State is entitled to receive as a subsidy or tax credit payable by the United States Treasury to the State in respect of interest on any Bonds issued as Tax-Advantaged Bonds.

**Fiscal Agent** means the fiscal agency or fiscal agencies of the State as appointed from time to time by the Committee pursuant to chapter 43.80 RCW.

**Issue Date** means the date on which a Series of Bonds is delivered to the initial purchaser or purchasers thereof upon payment in full of the purchase price therefor.

**Laws** means the statutes of the State.

**Legislature** means the Legislature of the State.

**Letter of Representations** means the Blanket Issuer Letter of Representations from the State to DTC.

**MSRB** means the Municipal Securities Rulemaking Board.

**Project Account** means the Motor Vehicle Account, the Transportation 2003 Account, the Transportation Partnership Account, the Transportation Improvement Account and the Special Category C Account, each in the Motor Vehicle Fund of the State, as applicable.

**Registered Owner** means, with respect to each Series of the Bonds, the person named as the registered owner of a particular Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

**Rule** means the Commission's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

**Series** shall refer to each issue of Bonds issued in the future and identified by a separate series designation.

**State** means the State of Washington.

**Tax-Advantaged Bonds** means any Bonds that are designated by the State as Bonds with respect to which the State is eligible to receive Federal Credit Payments or the holders of which are eligible to receive a federal tax credit under any federal subsidy or credit program available under the Code.

**Tax-Exempt Bonds** means any Bond the interest on which is excludable from gross income of the Beneficial Owner for purposes of federal income tax.

**Term Bonds** means all Bonds that are identified as term bonds in the Bond Sale Resolutions, the payment of which will be made from mandatory sinking fund deposits into the Bond Fund.

**Transportation Projects** means those projects authorized under the Bond Act for which the State Department of Transportation has requested financing through the issuance of a Series of the Bonds.

**Underwriters** means the underwriters identified in the Bond Sale Resolutions.



Section 2. Authorization and Purpose of the Bonds. For the purpose of providing funds to finance the Transportation Projects, and all costs incidental thereto, and for the payment of the expenses incurred in connection with the sale and issuance of the Bonds, the Committee hereby authorizes, on behalf of the State, the sale and issuance of the Bonds in one or more sales and one or more Series, all as provided in the Bond Act.

The Committee covenants on behalf of the State that no Series of Bonds will be offered for sale without both a prior request by the State Department of Transportation for the sale and prior appropriation by the Legislature of the net proceeds of sale of such Bonds and that, as of the Issue Date of each Series of the Bonds, the aggregate principal amount of Authorized Motor Vehicle Bonds that the Committee shall have sold and issued, including the Bonds, will not exceed the total principal amount authorized by the Bond Act to be issued.

Section 3. Description of the Bonds. The Bonds shall be designated “Motor Vehicle Fuel Tax General Obligation Bonds,” with such additional Series designation or other designations established by a Bond Sale Resolution; and shall be in an aggregate principal amount of not to exceed \$402,462,000. Each Series of Bonds shall be dated as of their Issue Date; shall be issued in fully registered form; shall be in the denomination (or, as to deferred interest Bonds, a Compound Accreted Value at maturity) of \$5,000 each or any integral multiple thereof within a single maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall mature on the date or dates in each of the years and in the principal amounts to be established by a Bond Sale Resolution. The Bond Sale Resolution shall designate whether all or a portion of the Bonds of a Series will be issued as serial bonds or Term Bonds.

Current interest Bonds of a Series shall bear interest from their Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable at such rate or rates on such interest payment dates as are established by the Bond Sale Resolution, to the maturity or earlier redemption thereof. Deferred interest Bonds shall bear interest from their date, payable at maturity, at such rate or rates compounded semiannually to produce the approximate yields to maturity as the Committee hereafter shall establish by a Bond Sale Resolution. If any Bond shall have been duly presented for payment and not paid on such applicable date, then interest shall continue to accrue thereafter at the interest rate stated on such Bond until it is paid.

Nothing in this resolution shall preclude the Committee from providing by separate resolution for the issuance and sale of a portion of the Bonds as a Series of variable interest rate Bonds.

Section 4. Place, Manner and Medium of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. If the Bonds of any Series are in fully immobilized form and held by DTC, such payments of principal and interest on such Series shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

If the Bonds of any Series are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of such Bonds (if agreed to by the Committee)) to the Registered Owners of the Bonds of such Series at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners to the Bond Registrar.

Section 5. Redemption; Purchase; Notice; Cancellation.

(a) Optional and Mandatory Redemption. The Bond Sale Resolution for a Series shall designate which maturities of the Series, if any, are subject to optional and mandatory redemption, and shall further provide for the time, manner and price at which such Series of Bonds may be redeemed prior to their stated maturities. As long as the Bonds are held in book-entry only form, the selection of Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made in a random method determined by the Bond Registrar.

(b) Partial Redemption. Any Bond in the principal amount of greater than \$5,000 may be partially redeemed in any integral multiple of \$5,000. If the Bonds are no longer held in book-entry only form, then in such event, upon surrender of such Bond to the Bond Registrar, a new Bond or Bonds (at the option of the Registered Owner), of the same Series, date, maturity and interest rate and in the aggregate principal amount remaining unredeemed, in any denomination authorized by this resolution, shall be authenticated and delivered, without charge, to the Registered Owner thereof.

(c) Purchase. The State hereby reserves the right to purchase any or all of the Bonds offered for sale to the State at any time, at any price.

(d) Effect of Optional Redemption/Purchase. If the State redeems under the optional redemption provisions, purchases in the open market or defeases Term Bonds of a Series, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The State Treasurer shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation at least 60 days prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(e) Notice of Redemption. While the Bonds are held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then in effect at DTC, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form, the State shall cause notice of any such intended redemption (which redemption shall be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption) to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond

Register on the day the notice is mailed, and the requirements of this sentence shall be deemed to be complied with when notice is mailed as herein provided, whether or not it is actually received by the Registered Owner. Additional notice of redemption may be sent at least 35 days before the redemption date to the MSRB and to such persons and with such additional information as the Deputy State Treasurer shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(f) Rescission of Optional Redemption Notice. In the case of an optional redemption, the notice of redemption may state that the State retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been given shall remain outstanding.

(g) Effect of Redemption. If the State shall have set aside on the date fixed for redemption sufficient money for the payment of Bonds called for redemption on the date fixed for redemption, the Bonds so called shall cease to accrue interest after such redemption date, and all such Bonds shall be deemed not to be outstanding hereunder for any purpose, except that the Registered Owners thereof shall be entitled to receive payment of the redemption price and accrued interest to the redemption date from the money set aside for such purpose.

(h) Cancellation of Bonds. All Bonds purchased or redeemed under this Section 5 shall be canceled.

#### Section 6. Security for Bonds.

(a) Pledge of Full Faith and Credit. The Bonds are general obligations of the State. The State, acting by and through the Committee, pledges its full faith and credit to the payment of the principal of and the interest on the Bonds and unconditionally promises to pay that principal and interest as the same shall become due.

(b) Pledge of Excise Tax on Motor Vehicle and Special Fuels. The principal and interest on the Bonds shall be first payable in the manner provided by the Bond Act from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by Chapter 82.38 RCW. On behalf of the State and as a part of the contract of sale of the Bonds, the proceeds of such excise taxes are pledged to the payment of any Bonds and the interest thereon, and in the Bond Act the Legislature has agreed to continue to impose those excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of the Bond Act.

Any funds required to pay the Bonds allocated to the 1993 Ch. 431 Bond Act (RCW 47.10.812-.817), or the interest thereon when due, shall be taken from that portion of the Motor Vehicle Fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the special category C account in the Motor Vehicle Fund, and shall never constitute a charge against any allocations of any other such funds in the Motor Vehicle Fund to the State, counties, cities, and towns unless and until the amount arising from the excise tax on motor vehicle and special fuels and distributed to the special category C

account proves insufficient to meet the requirements for bond retirement or interest on any such Bonds.

Any funds required to pay the Bonds allocated to the 1998 Ch. 321 Bond Act (RCW 47.10.843-.848), or the interest thereon when due, shall be taken from that portion of the Motor Vehicle Fund which results from the imposition of excise taxes on motor vehicle and special fuels and which are, or may be, appropriated to the Department of Transportation for state highway purposes, and shall never constitute a charge against any allocations of any other such funds in the Motor Vehicle Fund to the State, counties, cities, and towns unless and until the amount arising from the excise taxes on motor vehicle and special fuels and distributed to the State in the Motor Vehicle Fund proves insufficient to meet the requirements for Bond retirement or interest on any such Bonds.

Any funds required to pay the Bonds allocated to the 2003 Ch. 147 Bond Act (RCW 47.10.861-.866), or the interest thereon when due, shall be taken from that portion of the Motor Vehicle Fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the transportation 2003 account (nickel account) in the Motor Vehicle Fund, and shall never constitute a charge against any other allocations of any other such funds in the Motor Vehicle Fund to the State, counties, cities, and towns unless and until the amount arising from the excise taxes on motor vehicle and special fuels and distributed to the transportation 2003 account (nickel account) proves insufficient to meet the requirements for Bond retirement or interest on any such Bonds.

Any funds required to pay the Bonds allocated to the 2005 Ch. 315 Bond Act (RCW 47.10.873-.878), or the interest thereon when due, shall be taken from that portion of the Motor Vehicle Fund which results from the imposition of excise taxes on motor vehicle and special fuels and which is distributed to the transportation partnership account in the Motor Vehicle Fund, and shall never constitute a charge against any other allocations of any other such funds in the Motor Vehicle Fund to the State, counties, cities, and towns unless and until the amount arising from the excise taxes on motor vehicle and special fuels and distributed to the transportation partnership account proves insufficient to meet the requirements for Bond retirement or interest on any such Bonds.

The charge on such excise taxes for payment of the Bonds shall be equal to the charge on such excise taxes for the payment of the principal of and interest on any other general obligation bonds of the State issued under authority of legislation authorized by the 45th Session of the Legislature (1979-1980) or thereafter and which pledged (on an equal basis) motor vehicle and special fuel taxes for the payment of the principal thereof and interest thereon.

(c) Additional Means for Payment of Bonds. The Legislature may provide additional means for raising money for the payment of the principal of and interest on the Authorized Motor Vehicle Bonds, and the Bond Act shall not be deemed to provide an exclusive method for such payment.

Section 7. Deposits Into and Payments from Bond Fund and Specific Covenants.

(a) Repayment Procedure. On or before June 30 of each year, the Committee shall certify to the State Treasurer the amount required to pay principal of and interest on the Bonds in the next fiscal year; provided, however, that the percentage of receipts required in connection with the payments due prior to the start of the next fiscal year shall be estimated within 30 days following the date of sale of the Bonds. The State Treasurer, subject to the applicable provisions of the Bond Act, shall withdraw revenues from the Motor Vehicle Fund and deposit in the Bond Fund on or before each interest or principal and interest payment date such amounts as are required to pay debt service on such Bonds.

Any amounts received from the Federal government as credit payments with respect to Bonds issued as Tax-Advantaged Bonds shall be deposited in the Bond Fund.

Any surplus money in the Bond Fund may, in the discretion of the Committee, be used to redeem any bonds payable from the Bond Fund (subject to applicable bond covenants) prior to scheduled maturities or may remain in the Bond Fund to reduce requirements upon the fuel tax portion of the Motor Vehicle Fund.

Interest earnings on money in the Bond Fund shall remain in the Bond Fund and shall be used and applied to pay the principal and interest on the Bonds or other bonds payable from the Bond Fund.

(b) Accurate Records. The State shall maintain accurate records showing all collections of motor vehicle and special fuel excise taxes levied pursuant to Chapters 82.36 and 82.38 RCW and all payments made into and out of the Bond Fund, and such records shall be made available for inspection at any reasonable time by the holders of any of the Authorized Motor Vehicle Bonds.

(c) Transfers of Funds. On or before the date such payments are due from time to time, the State Treasurer shall pay to the Bond Registrar, from money in the Bond Fund, sums sufficient to pay the principal of and interest coming due on Bonds then outstanding. For purposes of this Section 7, principal of the outstanding Bonds shall be considered as coming due on their respective dates of maturity or, in the case of Term Bonds, on the dates and in the amounts scheduled for their mandatory redemption. The amount required to be deposited into the Bond Fund and paid to the Bond Registrar, for purposes of effecting the payment of the Bonds or the mandatory redemption of Term Bonds, is subject to reduction arising from the State's purchase or optional redemption of the Bonds in the manner described in Section 5 of this resolution.

Section 8. Enforcement of Rights. The Registered Owner of each Bond, or a trustee for the Registered Owners of any of the Bonds, may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in the Bond Act and this resolution.

Section 9. Form of Bonds. The Bonds shall be prepared in a form consistent with the provisions of this resolution, the applicable Bond Sale Resolution and state law.

Section 10. Execution of Bonds. The Bonds shall be executed on behalf of the State by the facsimile or manual signatures of the Governor and the State Treasurer. A facsimile of the official seal of the State shall be imprinted or otherwise reproduced on the Bonds, and the facsimile is adopted as the seal of the State for the Bonds. If any officer who shall have signed or whose facsimile signature appears on any Bond shall cease to be that officer before that Bond shall have been actually authenticated or issued, that Bond, nevertheless, may be authenticated and issued and, upon such authentication and issue, shall be as binding upon the State as though that person had not ceased to be that officer. Any Bond may be executed on behalf of the State by an officer who, on the actual date of execution of the Bond, shall be the proper officer of the State, although on the date of the Bond that officer might not have held that office.

Section 11. Authentication and Delivery of Bonds by Bond Registrar. The Bond Registrar is authorized and directed, on behalf of the State, to authenticate and deliver the Bonds initially issued or transferred or exchanged in accordance with the provisions of the Bonds and this resolution. Only those Bonds bearing a Certificate of Authentication in the following form, manually executed by an authorized representative of the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: “Certificate of Authentication. This Bond is one of the State of Washington [Name of Series], dated \_\_\_\_\_, 20\_\_ , described in the Bond Resolution.” The Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

Section 12. Bond Registrar; Registration of Bonds.

(a) Registration Covenant. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The State covenants that, until all Bonds have been surrendered and canceled, it will maintain or cause to be maintained a system of recording the ownership of each Bond that complies with the provisions of Section 149(a) of the Code.

(b) Bond Registrar. The Bond Registrar shall keep, or cause to be kept, the Bond Register at its principal corporate trust office, which shall be open to inspection by the State at all times during regular business hours. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the State, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the State’s paying agent for the Bonds and to carry out all of the Bond Registrar’s powers and duties under this resolution.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar’s Certificate of Authentication on the Bonds. The Bond Registrar may become either a Registered or Beneficial Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit

any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

(c) Registered Ownership. The State and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 20 of this resolution), and neither the State nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4 of this resolution, but the registration may be transferred as herein provided. All payments made as described in Section 4 shall be valid and shall satisfy and discharge the liability of the State upon the Bond to the extent of the amount or amounts so paid.

(d) DTC Acceptance/Letter of Representations. To induce DTC to accept each Series of Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to each Series of Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on any Series of Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution or a Bond Sale Resolution (except such notices as shall be required to be given by the State to the Bond Registrar or to DTC (or any successor depository), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series of Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner of such Series for all purposes hereunder and under the respective Bond Sale Resolution, and all reference herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series of Bonds.

(e) Use of Depository.

(i) Unless otherwise specified in a Bond Sale Resolution, the Bonds of each Series authorized herein shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with all Bonds maturing on the same maturity date and bearing the same interest rate in the form of a single certificate. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Committee pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any

such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a Series, together with a written request on behalf of the Committee, issue a single new Bond for each maturity of the Series of the immobilized Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Committee determines that it is in the best interest of the Beneficial Owners of any Series of Bonds that owners of Bonds of that Series be able to obtain those bonds in the form of Bond certificates, the ownership of that Series of Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Committee shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds for that Series to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of that Series together with a written request on behalf of the Committee to the Bond Registrar, new Bonds of the same Series shall be issued in the appropriate denominations and registered in the names of those persons as are identified in such written request

(f) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any Bond shall be valid unless such Bond is surrendered to the Bond Registrar, with the assignment form appearing on such Bond duly executed by the Registered Owner or its duly authorized agent in a manner satisfactory to the Bond Registrar. Upon surrender of a Bond for transfer or exchange, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Bond or Bonds (at the option of the new Registered Owner) of the same Series, date, maturity and interest rate and for the same aggregate principal amount of the surrendered Bond, in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for the surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds, as appropriate, of the same Series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during the 15 days preceding any interest payment, principal payment or redemption date.

Section 13. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, lost, stolen or destroyed, the Bond Registrar shall, upon request of the State, authenticate and deliver a new Bond, as appropriate, of the same Series, date, interest rate and maturity and of like tenor and effect in substitution therefor, all in accordance with Law. If the lost, stolen or destroyed Bond has matured, the State, at its option, may pay the same without its surrender, in accordance with Law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to the Bond Registrar of the



destruction or loss of the original Bond and of its ownership and (b) such additional security, indemnity or evidence as may be required by the Committee. No substitute Bond shall be furnished until the applicant shall reimburse the State and the Bond Registrar for their respective expenses in the furnishing thereof. Each substitute Bond shall be equally and proportionately entitled to the security of this resolution with all other Bond or Bonds of the same Series, as appropriate, then outstanding. The State shall not be required to treat both the original Bond and any duplicate Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be issued and outstanding hereunder, but both the original and the duplicate Bond shall be treated as one and the same.

Section 14. Defeasance. If money and/or “Government Obligations” (as defined in chapter 39.53 RCW, as now in existence or hereafter amended) maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment of the principal of and interest on all or a designated portion of a Series of Bonds when due in accordance with their respective terms are set aside in a special fund (hereinafter called the “trust account”) to effect such payment, and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the State for the purpose of effecting such payment, then no further payments need be made into the Bond Fund for the payment of principal of and interest on such Bonds, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of this resolution, except the right to receive payment of the principal of and interest on such Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in the trust account, and such Bonds shall no longer be deemed to be outstanding hereunder.

Section 15. Sale of the Bonds.

(a) Methods of Sale of Bonds. The Deputy State Treasurer is hereby authorized to determine, for each Series of Bonds, whether such Bonds will be sold competitively at public sale or whether such Series will be sold by means of a negotiated sale to one or more Underwriters.

If the Deputy State Treasurer determines to sell Bonds at a public sale, [s]he shall: (i) establish the date of the public sale; (ii) establish the criteria by which the successful bidder will be determined; (iii) determine the amount, form and method of delivery of a good faith deposit to the State; (iv) cause notice of the public sale to be given; and (v) provide for such other matters pertaining to the public sale as [s]he deems necessary or desirable.

If the Deputy State Treasurer determines to sell Bonds by means of a negotiated sale, [s]he is authorized to solicit proposals for the selection of firms to serve as Underwriters for such Bonds and to negotiate the terms of a bond purchase contract for the sale of those Bonds.

(b) Adoption of Bond Sale Resolutions. The State Treasurer is authorized, on behalf of the Committee, to adopt a Bond Sale Resolution to approve the sale of a Series of the Bonds within the aggregate total amount of Bonds authorized by this resolution.

Provisions of the Bond Sale Resolution may include, without limitation, (i) provisions for the acceptance of offers to purchase the Bonds and provisions for the sale and delivery of the Bonds to the purchasers; (ii) provisions for the date or dates, price or prices, aggregate principal amount of the Series, principal amounts per maturity, delivery dates, and interest rate or rates (or mechanisms for determining the interest rate or rates); (iii) redemption provisions; and (iv) other terms and conditions required by or otherwise not inconsistent with the provisions of this resolution.

(c) Elections to Treat Bonds as Tax-Advantaged Bonds. If the State Treasurer determines that it is beneficial to the State for a Series of Bonds to be sold and issued as Tax-Advantaged Bonds, the Bond Sale Resolution shall include those elections and other provisions as may be required under the Code for the State to designate that Series of Bonds as Tax-Advantaged Bonds and may authorize other actions as are necessary or appropriate for the State to receive from the United States Treasury the applicable Federal Credit Payments or for the holders to receive the applicable tax credit in respect of those Bonds.

Section 16. Official Statement. To allow the initial Underwriters of the Bonds of each Series to comply with Section (b)(1) of the Rule, the Committee hereby authorizes the State Treasurer or Deputy State Treasurer to execute a certificate “deeming final,” as of its date, the preliminary official statement to be prepared by the State in connection with the offering of each Series of Bonds. A preliminary official statement may be deemed final even though it omits information as to offering prices, interest rates, selling compensation, aggregate principal amounts, principal amount per maturity, maturity dates, options of redemption, delivery date, ratings and other terms of the Bonds that are dependent on such matters.

The Committee authorizes and approves the preparation, execution by the State Treasurer or Deputy State Treasurer and delivery to the Underwriter of a final official statement for the Bonds of each Series, in the form of the preliminary official statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the State Treasurer or Deputy State Treasurer. The Committee authorizes and approves the distribution by the Underwriters of the preliminary official statement to potential purchasers of the Bonds and the final official statement to purchasers of the Bonds.

Section 17. Delivery of Bonds. The proper State officials are authorized and directed to execute all documents and to do everything necessary, without unreasonable delay after each Bond Sale Resolution is adopted, for (a) the preparation and delivery of transcripts of proceedings pertaining to the Series of Bonds sold thereunder, and (b) the preparation, authentication and delivery of such Bonds, in definitive form, to the initial Underwriters thereof.

Each Series of Bonds will be prepared at the State’s expense and will be delivered to the initial Underwriters thereof in accordance with its offer to purchase the Bonds of such Series, with the approving legal opinion of Bond Counsel regarding each such Series.

Section 18. Disposition of Bond Proceeds. The proceeds from the sale of each Series of Bonds, together with all other money which the Committee may direct the State Treasurer to deposit therein, shall be deposited to the credit of the applicable Project Account and shall be

used exclusively to pay or reimburse prior expenditures made for costs of carrying out the purposes specified in the Bond Act, including the payment of costs of issuance.

The State reserves the right to amend the Bond Act and this resolution so as to provide different or additional purposes for which the proceeds from the sale of the Bonds may be used.

Section 19. Tax Covenants. The Committee on behalf of the State covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Tax-Exempt Bonds and will take or require to be taken such acts as may be permitted by law and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Tax-Exempt Bonds. Without limiting the generality of the foregoing, the State will comply with Section 148 of the Code, will spend the proceeds of the Tax-Exempt Bonds with due diligence to completion of the purposes specified herein, will pay any required rebate or penalty (if permitted in lieu of loss of tax exemption) to the United States under Section 148(f) of the Code, and will not invest or make other use of the proceeds of the Tax-Exempt Bonds or of its other money or take such other intentional acts at any time during the term of the Tax-Exempt Bonds that will cause such Tax-Exempt Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The State Treasurer may establish such accounts and/or subaccounts as the State Treasurer deems necessary to comply with this section.

The Committee on behalf of the State also covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the entitlement of the State to receive from the United States Treasury the applicable Federal Credit Payments in respect of Tax-Advantaged Bonds, or the entitlement of the Beneficial Owners to receive tax credits in respect of Tax-Advantaged Bonds.

Section 20. Undertaking to Provide Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the State's written undertaking for the benefit of the owners of each Series of the Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data.

(i) *Annual Disclosure Report.* The State covenants and agrees that not later than seven months after the end of each fiscal year (the "Submission Date"), the State shall provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (ii) of this subsection (b). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (ii) of this subsection (b); provided that any Audited Financial Statements (hereinafter defined) may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such Audited Financial Statements are not available by the Submission Date. If the State's fiscal year changes, the State shall give notice of such change in the same manner as notice is to be given of the occurrence of

an event listed in subsection (c) hereof, and if for any fiscal year the State does not furnish an Annual Disclosure Report to the MSRB by the Submission Date, the State shall send a notice to the MSRB.

(ii) *Content of Annual Disclosure Reports.* The State's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited Financial Statements.* Audited financial statements of the State prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as the same shall be amended from time to time, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the State, and the State's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available;

(B) *Financial and Operating Data.* Historical financial and operating data for the State of the type included in the official statement for such Series; and

(C) *Amendments.* A narrative explanation of any reasons for any amendments to this undertaking made during the previous fiscal year and the effect of such amendments on the Annual Disclosure Report being provided.

Any or all of the items listed above may be included by specific reference to documents available to the public on the internet website of the MSRB or filed with the Commission. The State shall identify clearly each document so included by reference.

If not provided as part of the Annual Disclosure Report discussed above, the State shall provide the State's audited annual financial statements prepared in accordance with regulations prescribed by the State auditor when and if available to the MSRB.

(c) Listed Events. The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB notice of the occurrence of any of the following events with respect to the respective Series of Bonds (which may be amended if the Rule is amended prior to the Issue Date of any Series of Bonds): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of owners, if material; (8) Bond calls (other than scheduled sinking fund redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing the repayment of the respective Series of Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the State, as such "Bankruptcy Events" are defined in the Rule;

(13) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Bonds, the State may state in its preliminary and final official statements for any Series that there is no property securing the repayment of such Bonds nor, if applicable, are there any debt service reserves or credit enhancement or liquidity provider.

(d) Notice Upon Failure to Provide Financial Data. The State agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) Termination/Modification. The State’s obligations to provide annual financial information and notices of listed events with respect to each Series of Bonds shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds of such Series. This section, or any provision hereof, shall be null and void if the State (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies, in a timely manner, the MSRB of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the State may amend this section and any provision of this section may be waived, with an approving opinion of nationally recognized bond counsel to the effect that such amendment or waiver is permitted by the Rule.

In the event of any amendment of or waiver of a provision of this section, the State shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the State. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison

(in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) Owner's Remedies Under this Section. The right of the Registered Owners or any beneficial owner to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the State's obligations hereunder, and any failure by the State to comply with the provisions of this undertaking shall not be a default with respect to the Bonds under this resolution.

(g) Additional Information. Nothing in this section shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this section or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a listed event, in addition to that which is required by this section. If the State chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a listed event in addition to that specifically required by this section, the State shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a listed event.

Section 21. Alternate Use of Bond Proceeds. Nothing in this resolution or the Bonds shall prevent the State from properly authorizing that the Bond proceeds may be expended for purposes other than provided in Section 2 of this resolution.

Section 22. Contract; Severability. The covenants contained in this resolution and in the Series of Bonds issued hereunder shall constitute a contract between the State and the Registered Owner of each Bond. If any one or more of the covenants or agreements provided in this resolution, to be performed by the State, shall be declared by any court of competent jurisdiction after final appeal (if any appeal be taken) to be contrary to law, then the covenant or covenants, agreement or agreements, shall be null and void, shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution, the Bonds.

Section 23. Filing of Resolution. The Deputy State Treasurer is directed to file with the State Treasurer, pursuant to RCW 39.42.100, a certified copy of this resolution immediately upon its adoption.

Section 24. Ratification. All actions heretofore taken by officers or staff of the Committee consistent with the terms of this resolution are ratified, approved and confirmed.

Section 25. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 8<sup>th</sup> day of August, 2019.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Duane A. Davidson  
State Treasurer and Chair

By \_\_\_\_\_  
Jay Inslee  
Governor and Member

By \_\_\_\_\_  
Cyrus Habib  
Lieutenant Governor and Member

ATTEST:

\_\_\_\_\_  
Jason P. Richter  
Deputy State Treasurer and Secretary

## EXHIBIT 1

### BOND ACTS, CHAPTERS AND LAWS

#### Exhibit 1A -- Authorization Allocation

<b>Chapter and Laws (Bond Authorizations)</b>	<b>Bonds Authorized 6/30/2019</b>	<b>Issued 6/30/2019</b>	<b>Unissued 6/30/2019</b>	<b>Preliminary Allocation</b>
Ch. 83 -- Laws of 1967, 1st Ex. Sess.....	98,395,000	55,825,000	42,570,000	-
Ch. 293 -- Laws of 1990.....	15,000,000	13,400,000	1,600,000	-
Ch. 431 -- Laws of 1993, as amended.....	340,625,000	114,792,709	225,832,291	75,274,000
Ch. 432 -- Laws of 1993.....	81,280,000	6,085,000	75,195,000	-
Ch. 440 -- Laws of 1993.....	31,660,000	24,150,000	7,510,000	-
Ch. 15 -- Laws of 1995, 2nd Sp. Sess.....	11,200,000	4,990,000	6,210,000	-
Ch. 321 -- Laws of 1998.....	1,148,740,000	1,118,246,712	30,493,288	-
Ch. 147 -- Laws of 2003.....	1,852,260,000	1,639,768,877	212,491,123	-
Ch. 315 -- Laws of 2005.....	4,680,835,000	3,305,338,336	1,375,496,664	327,188,000
<b>Total.....</b>	<b>8,259,995,000</b>	<b>6,282,596,634</b>	<b>1,977,398,366</b>	<b>402,462,000</b>



**Exhibit 1B -- Chapter and Laws with Fund Detail**

Bonds	Ch	Laws	Sess	Sec	OST Autho	Debt		Taxable	Capital Fund Name
						Service Fund Number*	Capital Fund Number*		
MVFT GO	083	1967	1S		320	305	144		Transportation Improvement Account
MVFT GO	293	1990		1	391	303	108		Motor Vehicle Account
MVFT GO	431	1993		(1)	445	303	215		Special Category C Account
MVFT GO	432	1993		(1.1)-(1.3)	446	303	108		Motor Vehicle Account
MVFT GO	440	1993			444	305	144		Transportation Improvement Account
MVFT GO	015	1995			450	303	108		Motor Vehicle Account
MVFT GO	321	1998	1R	16	464	303	108		Motor Vehicle Account
MVFT GO	147	2003	1R	(1)	799	303	550		Transportation 2003 Account
MVFT GO	315	2005	1R	(1)	841	303	09H		Transportation Partnership Account
<b>* Fund Definitions</b>									
108	Motor Vehicle Account								
112	Urban Arterial Trust Account								
144	Transportation Improvement Account								
215	Special Category C Account								
550	Transportation 2003 Account								
09H	Transportation Partnership Account								
303	Highway Bond Retirement Account								
305	TIB Bond Retirement Account								

CERTIFICATE

I, Jason P. Richter, the duly appointed, qualified and acting Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1223 of such Committee, adopted at an open public meeting thereof held on this 8<sup>th</sup> day of August, 2019, 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: August 8, 2019.

---

Jason P. Richter, Secretary  
State Finance Committee



**DUANE A. DAVIDSON**, Chairman  
State Treasurer

**JAY R. INSLEE**  
Governor

**CYRUS HABIB**  
Lieutenant Governor

**State of Washington**  
**STATE FINANCE COMMITTEE**

---

August 8, 2019

MEMORANDUM

TO: The Honorable Duane A. Davidson  
The Honorable Jay R. Inslee  
The Honorable Cyrus Habib

FROM: Jason P. Richter  
Deputy State Treasurer

RE: **Proposed Resolution No. 1224** authorizes the issuance and sale of State of Washington General Obligation Refunding Bonds

Proposed Resolution No. 1224 authorizes the issuance of State of Washington Various Purpose General Obligation Refunding Bonds, in a principal amount not to exceed \$2,812,145,000, and State of Washington Motor Vehicle Fuel Tax General Obligation Refunding Bonds, in a principal amount not to exceed \$1,555,905,000, 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. 1224 also authorizes the Deputy State Treasurer to establish the method of sale of bonds and the State Treasurer to adopt bond sale resolutions.

Proposed Resolution No. 1224 is an omnibus refunding resolution that updates the authority to refund all outstanding refundable bonds. As of August 8, 2019, there were a total of \$13,319,305,000 of callable bonds outstanding, reflecting all callable 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. Refundings are executed in accordance with the Committee's Debt Issuance Policy which establishes refunding savings thresholds.

With several years of very low interest rates, multiple refundings have been executed over the last few years to reduce the state's borrowing costs. Refundings over the last ten years have reduced debt service costs by more than \$1.56 billion on a nominal basis and around \$1.26 billion on a present value basis (see table below).

**Office of the State Treasurer**

Legislative Building, P.O. Box 40200 • Olympia, Washington 98504-0200 • (360) 902-9000  
TTY CALL 711 • FAX (360) 902-9045 • Home Page <http://www.tre.wa.gov>

Series	Sales Date	Purpose	Par Value	True Interest Cost (TIC)	Debt Service Savings	
					Total	PV Total
R-2010B	10/14/2009	Various Purpose	215,500,000	3.6727%	19,176,813	15,254,905
R-2010C	10/14/2009	MVFT	121,235,000	3.7158%	10,380,656	8,281,427
R-2011A	7/28/2010	Various Purpose	365,605,000	2.6292%	47,243,610	42,458,760
R-2011B	9/15/2010	Various Purpose	401,435,000	3.0346%	51,800,101	39,452,643
R-2011C	9/15/2010	MVFT	393,950,000	2.8732%	56,868,757	43,657,696
R-2012A	10/13/2011	Various Purpose	461,380,000	2.5114%	58,439,978	48,667,309
R-2012B	10/13/2011	MVFT	42,330,000	3.3025%	3,865,887	2,941,936
R-2012C	1/31/2012	Various Purpose	733,705,000	2.6178%	145,607,951	114,686,266
R-2012D	1/31/2012	MVFT	271,055,000	2.5692%	50,396,398	40,492,402
R-2013T	7/18/2012	General Obligation	78,295,000	0.4907%	6,437,000	6,391,628
R-2013A	8/7/2012	Various Purpose	352,220,000	2.5836%	43,459,773	34,684,941
R-2013B	8/7/2012	MVFT	380,390,000	2.5113%	50,618,398	39,651,495
R-2013C	1/23/2013	Various Purpose	666,680,000	2.3587%	76,295,900	60,934,341
R-2013D	1/23/2013	MVFT	159,405,000	2.6584%	23,220,886	18,507,731
R-2014A	10/10/2013	Various Purpose	117,905,000	1.3725%	18,054,472	16,848,826
R-2014B	10/10/2013	MVFT	105,975,000	1.4436%	15,853,888	14,553,784
R-2015A	7/9/2014	Various Purpose	420,085,000	2.3731%	38,076,751	30,494,151
R-2015B	7/9/2014	MVFT	420,545,000	2.6145%	37,789,876	29,761,949
R-2015C	10/15/2014	Various Purpose	615,975,000	2.8433%	119,618,222	95,688,794
R-2015D	10/15/2014	MVFT	301,755,000	2.9471%	53,164,214	40,941,514
R-2015E	1/21/2015	Various Purpose	458,760,000	2.6703%	54,816,760	45,251,416
R-2015F	2/10/2015	MVFT	147,325,000	2.8266%	14,761,392	11,983,187
R-2015G	2/10/2015	Various Purpose	113,315,000	2.4325%	10,660,172	9,139,337
R-2015H	2/10/2015	MVFT	132,745,000	3.2317%	17,810,486	11,357,002
R-2016A	9/30/2015	Various Purpose	188,305,000	1.5954%	33,081,481	30,990,792
R-2016B	1/20/2016	Various Purpose	528,830,000	2.6945%	97,960,197	74,514,795
R-2016C	1/20/2016	MVFT	143,735,000	2.8422%	26,108,377	19,706,364
R-2017A	6/28/2016	Various Purpose	531,280,000	2.2392%	88,932,216	76,434,145
R-2017B	6/28/2016	MVFT	271,585,000	2.3884%	50,420,963	42,853,852
R-2017C	1/10/2017	Various Purpose	137,100,000	1.9241%	26,150,309	22,936,199
R-2017D	1/10/2017	MVFT	24,505,000	1.8844%	4,135,278	3,645,905
R-2018A	9/26/2017	Various Purpose	27,290,000	1.1999%	3,066,200	3,008,813
R-2018B	9/26/2017	MVFT	29,305,000	1.2380%	3,536,344	3,456,298
R-2018C	11/14/2017	Various Purpose	742,645,000	2.7500%	137,848,799	107,782,059
R-2018D	11/30/2017	Various Purpose	501,545,000	3.0345%	69,215,749	52,487,584
			10,603,695,000		1,564,874,255	1,259,900,246

- **Counsel and Advisors.**

Bond Counsel:

William Tonkin, Foster Pepper PLLC

Financial Advisor:

Robert Shelley, Piper Jaffray & Co

Chia-Jung Yang, Montague DeRose and Associates LLC

**EXECUTION VERSION**

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1224

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON PROVIDING FOR THE ISSUANCE OF VARIOUS PURPOSE GENERAL OBLIGATION REFUNDING BONDS OF THE STATE, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$2,812,145,000 AND MOTOR VEHICLE FUEL TAX GENERAL OBLIGATION REFUNDING BONDS OF THE STATE, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,555,905,000, 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.

ADOPTED: AUGUST 8, 2019

Table of Contents

Section 1.	Definitions.....	2
Section 2.	Authorization and Purpose of the Bonds .....	5
Section 3.	Description of the Bonds .....	5
Section 4.	Place, Manner and Medium of Payment.....	6
Section 5.	Allocation of the Bonds to the Refunded Bonds .....	6
Section 6.	Redemption; Notice; Purchase; Cancellation .....	6
Section 7.	Pledges Securing the Bonds.....	7
Section 8.	Deposits Into and Payments From the VP Bond Fund .....	8
Section 9.	Deposits Into and Payments From the MVFT Bond Fund .....	9
Section 10.	Enforcement of Rights .....	10
Section 11.	Form of Bonds .....	10
Section 12.	Execution of Bonds.....	10
Section 13.	Authentication and Delivery of Bonds by Bond Registrar .....	10
Section 14.	Registration.....	11
Section 15.	Mutilated, Lost, Stolen or Destroyed Bonds.....	13
Section 16.	Defeasance .....	13
Section 17.	Sale of the Bonds .....	14
Section 18.	Official Statement .....	14
Section 19.	Delivery of Bonds .....	15
Section 20.	Tax Covenants .....	15
Section 21.	Undertaking to Provide Ongoing Disclosure.....	16
Section 22.	Redemption of the Refunded Bonds.....	18
Section 23.	Acquisition of Government Obligations and Other Investments.....	19
Section 24.	Verification of Sufficiency of Escrow .....	19
Section 25.	Escrow Agreement.....	19
Section 26.	Application of Bond Proceeds .....	19
Section 27.	Defeasance of Refunded Bonds .....	20
Section 28.	Contract; Severability .....	20
Section 29.	Filing of Resolution .....	20
Section 30.	Ratification.....	20
Section 31.	Immediate Effect.....	21

Exhibit 1 - Form of Escrow Agreement

[Exhibit 2 - Schedule of Refunded Bond Candidates and Bond Funds]

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1224

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON PROVIDING FOR THE ISSUANCE OF VARIOUS PURPOSE GENERAL OBLIGATION REFUNDING BONDS OF THE STATE, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$2,812,145,000 AND MOTOR VEHICLE FUEL TAX GENERAL OBLIGATION REFUNDING BONDS OF THE STATE, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$1,555,905,000, 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.

WHEREAS, the State of Washington (the “State”) issued and sold offerings of different series of State various purpose general obligation bonds and State motor vehicle fuel tax general obligation bonds; and

WHEREAS, the State Finance Committee (the “Committee”), or the State Treasurer on behalf of the Committee, from time to time will receive, review and adopt a plan to refund selected maturities of those outstanding bonds that are callable for redemption prior to their respective stated maturities (hereinafter defined as the “Refunded Bonds”), which selected maturities will be identified in the Bond Sale Resolutions (hereinafter defined); and

WHEREAS, in each of the resolutions that authorized the Refunded Bonds, the State reserved the right to redeem the Refunded Bonds prior to their respective stated maturities; and

WHEREAS, chapters 39.42 and 39.53 RCW (collectively, the “Bond Act”) authorize the Committee to provide for the issuance and sale, without an election, of general obligation bonds of the State to refund the Refunded Bonds; and

WHEREAS, upon the issuance of refunding bonds for that purpose, the Refunded Bonds no longer shall be considered to be outstanding for purposes of the limitation on State debt contained in Article VIII, Section 1 of the State Constitution, to the extent applicable to the Refunded Bonds; and

WHEREAS, the Committee deems it necessary and advisable that the issuance and sale of not to exceed \$2,812,145,000 in State various purpose general obligation refunding bonds and not to exceed \$1,555,905,000 in motor vehicle fuel tax general obligation refunding bonds now be authorized for the purposes of refunding the Refunded Bonds and thereby effecting one or more purposes authorized by the Bond Act;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE ACTING FOR AND ON BEHALF OF THE STATE OF WASHINGTON, as follows:

Section 1.     Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this resolution and of any resolution supplemental hereto, have the meanings specified; words importing the singular number include the plural number and vice versa:

***Beneficial Owner*** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

***Bond Act*** means, collectively, chapters 39.42 and 39.53 RCW.

***Bond Register*** means the registration books on which are maintained the names and addresses of the Registered Owners of the Bonds.

***Bond Registrar*** means the Fiscal Agent.

***Bond Sale Resolution*** means the supplemental resolution hereafter adopted by the Committee, or by the State Treasurer on behalf of the Committee as provided in this resolution, that establishes, among other items, the aggregate principal amount, principal amounts per maturity, maturity dates, interest rates, redemption provisions and other terms of a Series of the Bonds that are dependent upon the final pricing of such Bonds, and identifies the Refunded Bonds, as such resolution may be amended or supplemented from time to time. Wherever in this resolution reference is made to the adoption of a Bond Sale Resolution by the Committee or to the establishment of any matter relating to the sale of the Bonds by the Committee pursuant to a Bond Sale Resolution, that reference shall include adoption of a Bond Sale Resolution by the State Treasurer on behalf of the Committee as provided in this resolution and shall authorize the establishment of such matters relating to the sale of the Bonds by the State Treasurer pursuant to such a Bond Sale Resolution adopted by the State Treasurer.

***Bonds*** means, collectively, the VP Bonds and the MVFT Bonds, issued in Series from time to time.

***Chair*** means the Chair of the Committee.

***Code*** means the Internal Revenue Code of 1986, as amended from time to time, together with all applicable rulings and regulations promulgated thereunder.

***Commission*** means the Securities and Exchange Commission



**Committee** means the State Finance Committee of the State, or any successor thereof.

**Deputy State Treasurer** means the Deputy State Treasurer, or Acting Deputy State Treasurer, and Secretary of the Committee.

**DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for each Series of Bonds pursuant to Section 14 hereof.

**Escrow Agent** means each bank or trust company acting in the capacity of Escrow Agent pursuant to the Escrow Agreement.

**Escrow Agreement** means, with respect to each Series of Bonds, an escrow deposit agreement between the Committee and the Escrow Agent, dated as of the Issue Date of such Series, providing for the safekeeping of certain Bond proceeds and the refunding of all or a portion of the Refunded Bonds.

**Federal Credit Payments** means amounts which the State is entitled to receive as a subsidy or tax credit payable by the United States Treasury to the State in respect of interest on any Bonds issued as Tax-Advantaged Bonds.

**Fiscal Agent** means the fiscal agency or fiscal agencies of the State as appointed from time to time by the Committee pursuant to chapter 43.80 RCW.

**Government Obligations** means those obligations now or hereafter defined as such in chapter 39.53 RCW.

**Issue Date** means the date on which a Series of Bonds is delivered to the initial purchaser or purchasers thereof upon payment in full of the purchase price therefor.

**Laws** means the statutes of the State.

**Legislature** means the Legislature of the State.

**Letter of Representations** means the Blanket Issuer Letter of Representations from the State to DTC.

**MSRB** means the Municipal Securities Rulemaking Board.

**MVFT Bonds** means the Motor Vehicle Fuel Tax General Obligation Refunding Bonds described in Section 3(b) of this resolution.

**MVFT Bond Fund** means the debt service funds in the State Treasury, created by RCW 47.10.080, 47.60.600 and 43.99M.080 and known as the Highway Bond Retirement Account, the Ferry Bond Retirement Account and the Transportation Improvement Board Bond Retirement Account, as set forth in Exhibit 2 attached hereto, unless a different bond retirement fund is/ or such other bond retirement fund as specified in the Bond Sale Resolution pertaining to a Series of Bonds.

**Refunded Bond Authorization Statutes** means the statutes under which the Refunded Bonds were issued and which are to be listed in an exhibit to the Bond Sale Resolutions.

**Refunded Bonds** means any of the State's 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, including but not limited to the bonds listed in Exhibit 2 hereto, or specific maturities thereof, to be refunded and defeased with a portion of the proceeds of the Bonds, which bonds and maturities will be identified in an exhibit to the Bond Sale Resolutions.

**Refunding Plan** means, with respect to the issuance of each Series of Bonds, the refunding of all or a portion of the Refunded Bonds through the issuance of such Series, as will more particularly be described in an exhibit to the Bond Sale Resolution.

**Registered Owner** means, with respect to each Series of the Bonds, the person named as the registered owner of a particular Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

**Rule** means the Commission's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

**Series** shall refer to each issue of Bonds issued in the future and identified by a separate series designation.

**State** means the State of Washington.

**Tax-Advantaged Bonds** means any Bonds that are designated by the State as Bonds with respect to which the State is eligible to receive Federal Credit Payments or the holders of which are eligible to receive a federal tax credit under any federal subsidy or credit program available under the Code.

**Tax-Exempt Bonds** means any Bond the interest on which is excludable from gross income of the Beneficial Owner for purposes of federal income tax.

**Term Bonds** means all Bonds that are identified as term bonds in the Bond Sale Resolutions, the payment of which will be made from mandatory sinking fund deposits into the MVFT Bond Fund or the VP Bond Fund, as appropriate.

**Underwriters** means the underwriters identified in the Bond Sale Resolutions.

**VP Bond Fund** means the debt service funds in the State Treasury created by Chapter 456, Laws of 1997, Sections 30 through 36, known as the Debt-limit General Fund Bond Retirement Account, the Debt-limit Reimbursable Bond Retirement Account, the Nondebt-limit General Fund Bond Retirement Account, the Nondebt-limit Reimbursable Bond Retirement Account, the Nondebt-limit Proprietary Appropriated Bond Retirement Account, the Nondebt-limit Proprietary Non-appropriated Bond Retirement Account and the Nondebt-limit Revenue Bond Retirement Account funds, as set forth in Exhibit 2 attached hereto, unless such other bond

retirement fund is/or such other bond retirement fund as specified in the Bond Sale Resolution pertaining to such Bonds.

***VP Bonds*** means the Various Purpose General Obligation Refunding Bonds described in Section 3(a) of this resolution.

Section 2. Authorization and Purpose of the Bonds. The Committee, on behalf of the State, authorizes the issuance and sale of the Bonds, in one or more sales and in one or more Series, all as provided in the Bond Act, for the purposes of implementing the Refunding Plan and paying the costs and expenses of selling, issuing and delivering the Bonds. The Refunding Plan implemented by a Series of Bonds may effect any purpose authorized by the Bond Act, including effecting a savings in debt service to the State or modifying debt service requirements, sources of payment, covenants or other terms of the Refunded Bonds.

The Committee covenants on behalf of the State that each Bond Sale Resolution for a Series will include a finding and covenant with respect to such Series to the effect that the Series, together with all other bonds issued simultaneously therewith, shall be issued within the applicable debt limitation of the State and as permitted under the Bond Act.

Section 3. Description of the Bonds.

(a) VP Bonds. The VP Bonds shall be designated the “State of Washington Various Purpose General Obligation Refunding Bonds,” with such additional Series designation or designations established by a Bond Sale Resolution, and shall be issued in an aggregate principal amount that, when added to the aggregate of the initial principal amounts of the previously issued Series of VP Bonds, does not exceed \$2,812,145,000.

(b) MVFT Bonds. The MVFT Bonds shall be designated the “State of Washington Motor Vehicle Fuel Tax General Obligation Refunding Bonds,” with such additional Series designation or designations established by a Bond Sale Resolution, and shall be issued in an aggregate principal amount that, when added to the aggregate of the initial principal amounts of the previously issued Series of MVFT Bonds, does not exceed \$1,555,905,000.

(c) Provisions Applicable to All Bonds. The Bonds of each Series shall be dated as of their issue date; shall be in fully registered form; shall be in the denomination of \$5,000 each or any integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; shall mature on the date or dates in each of the years and in the principal amounts to be established by a Bond Sale Resolution; and shall bear interest from their Issue Date or the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable at such rate or rates on such interest payment dates, as established by the Bond Sale Resolution. The Bond Sale Resolution shall designate whether all or a portion of the Bonds of a Series will be issued as serial bonds or Term Bonds.

If any Bond shall have been duly presented for payment and not paid on such applicable date, then interest shall continue to accrue thereafter at the interest rate stated on such Bond until it is paid.

Section 4. Place, Manner and Medium of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. If the Bonds of any Series are in fully immobilized form and held by DTC, such payments of principal and interest on such Series shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

If the Bonds of any Series are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of such Bonds (if agreed to by the Committee)) to the Registered Owners of the Bonds of such Series at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners to the Bond Registrar.

Section 5. Allocation of the Bonds to the Refunded Bonds. The Committee shall, by the Bond Sale Resolutions, allocate the Series of Bonds to the various series of the Refunded Bonds in such manner as will comply with applicable requirements of the Code, meet restrictions in the Bond Act concerning the refunding of voter-approved Refunded Bonds, and effectuate any other allocation deemed necessary or appropriate for accounting and debt administration purposes.

Section 6. Redemption; Notice; Purchase; Cancellation.

(a) Optional and Mandatory Redemption. The Bond Sale Resolution for a Series shall designate which maturities of the Series, if any, are subject to optional and mandatory redemption, and shall further provide for the time, manner and price at which such Series of Bonds may be redeemed prior to their stated maturities. As long as the Bonds are held in book-entry only form, the selection of Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made in a random method determined by the Bond Registrar.

(b) Partial Redemption. Any Bond in the principal amount of greater than \$5,000 may be partially redeemed in any integral multiple of \$5,000. If the Bonds are no longer held in book-entry only form, then in such event, upon surrender of such Bond to the Bond Registrar, a new Bond or Bonds (at the option of the Registered Owner), of the same Series, date, maturity and interest rate and in the aggregate principal amount remaining unredeemed, in any denomination authorized by this resolution, shall be authenticated and delivered, without charge, to the Registered Owner thereof.

(c) Purchase. The State hereby reserves the right to purchase any or all of the Bonds offered for sale to the State at any time, at any price.

(d) Effect of Optional Redemption/Purchase. If the State redeems under the optional redemption provisions, purchases in the open market or defeases Term Bonds of a Series, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of

their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The State Treasurer shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation at least 60 days prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(e) Notice of Redemption. While the Bonds are held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then in effect at DTC, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form, the State shall cause notice of any such intended redemption (which redemption shall be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption) to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond Register on the day the notice is mailed, and the requirements of this sentence shall be deemed to be complied with when notice is mailed as herein provided, whether or not it is actually received by the Registered Owner. Additional notice of redemption may be sent at least 35 days before the redemption date to the MSRB and to such persons and with such additional information as the Deputy State Treasurer shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(f) Rescission of Optional Redemption Notice. In the case of an optional redemption, the notice of redemption may state that the State retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been given shall remain outstanding.

(g) Effect of Redemption. If the State shall have set aside on the date fixed for redemption sufficient money for the payment of Bonds called for redemption on the date fixed for redemption, the Bonds so called shall cease to accrue interest after such redemption date, and all such Bonds shall be deemed not to be outstanding hereunder for any purpose, except that the Registered Owners thereof shall be entitled to receive payment of the redemption price and accrued interest to the redemption date from the money set aside for such purpose.

(h) Cancellation of Bonds. All Bonds purchased or redeemed under this Section 6 shall be canceled.

#### Section 7. Pledges Securing the Bonds.

(a) VP Bonds. The VP Bonds are general obligations of the State. The State, acting by and through the Committee, pledges its full faith and credit to the payment of the principal of and the interest on the VP Bonds and unconditionally promises to pay that principal and interest as the same shall become due.

(b) MVFT Bonds.

(i) Pledge of Full Faith and Credit. The MVFT Bonds are general obligations of the State. The State, acting by and through the Committee, pledges its full faith and credit to the payment of the principal of and the interest on the MVFT Bonds and unconditionally promises to pay that principal and interest as the same shall become due.

(ii) Pledge of Excise Tax on Motor Vehicle and Special Fuels. The principal and interest on the MVFT Bonds shall be first payable in the manner provided by the applicable Refunded Bond Authorization Statutes from the proceeds of the state excise taxes on motor vehicle and special fuels imposed by Chapter 82.38 RCW. On behalf of the State and as a part of the contract of sale of the MVFT Bonds, the proceeds of such excise taxes are pledged to the payment of any MVFT Bonds and the interest thereon, and in the Refunded Bond Authorization Statutes the Legislature has agreed to continue to impose those excise taxes on motor vehicle and special fuels in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of the Refunded Bond Authorization Statutes.

Any funds required to pay the MVFT Bonds allocated to the Refunded Bonds issued under particular Refunded Bond Authorization Statutes, or the interest thereon when due shall be taken from that portion of the Motor Vehicle Fund as specified in the applicable Refunded Bond Authorization Statutes, and shall never constitute a charge against any allocations of such funds to counties, cities, and towns unless and until the amount arising from the excise tax on motor vehicle fuels as specified in the applicable Refunded Bond Authorization Statutes proves insufficient to meet the requirements for bond retirement or interest on any such MVFT Bonds.

The charge on such excise taxes for payment of the Bonds shall be equal to the charge on such excise taxes for the payment of the principal of and interest on any other general obligation bonds of the State issued under authority of legislation authorized by the 45th Session of the Legislature (1979-1980) or thereafter and which pledged (on an equal basis) motor vehicle and special fuel taxes for the payment of the principal thereof and interest thereon.

(c) Additional Means for Payment of Bonds. The Legislature may provide additional means for raising money for the payment of the principal of and interest on the Bonds, and the Refunded Bond Authorization Statutes shall not be deemed to provide exclusive methods for such payment.

Section 8. Deposits Into and Payments From the VP Bond Fund.

(a) Deposits into the VP Bond Fund. On behalf of the State and as a part of the contract of sale of the VP Bonds, it is hereby covenanted and agreed with the Registered Owners from time to time of the VP Bonds that the Committee shall, on or before June 30 of each year, certify to the State Treasurer the amount needed in the ensuing 12 months to meet the Bond retirement and interest requirements on the VP Bonds; provided, however, that the percentage of receipts required in connection with the payments due prior to the start of the next fiscal year shall be estimated within 30 days following the date of sale of the VP Bonds. Payments into the VP Bond Fund shall be made with respect to the Refunded Bonds, and the

State Treasurer shall at the times set forth in the Refunded Bond Authorization Statutes applicable to such Refunded Bonds (or to the bonds originally issued and refunded by such Refunded Bonds), withdraw from any general State revenues received in the State Treasury and deposit into the VP Bond Fund such amounts as are required to pay debt service on such VP Bonds on the payment date.

Any amounts received from the Federal government as Federal Credit Payments with respect to VP Bonds issued as Tax-Advantaged Bonds shall be deposited in the VP Bond Fund.

Interest earnings on money in the VP Bond Fund shall remain in the VP Bond Fund and shall be used and applied to pay the principal and interest on the VP Bonds or other bonds payable from the VP Bond Fund.

(b) Payments from the VP Bond Fund. On or before each date that payments are due on the VP Bonds, the State Treasurer shall pay from the VP Bond Fund to the Bond Registrar sufficient money to pay the principal of and interest next coming due on the VP Bonds then outstanding. For purposes of this Section 8, principal of the outstanding VP Bonds shall be considered as coming due on their respective dates of maturity or, in the case of Term Bonds, on the dates and in the amounts scheduled for their mandatory redemption. The amount required to be deposited into the VP Bond Fund and paid to the Bond Registrar, for purposes of effecting the payment of the VP Bonds or the mandatory redemption of Term Bonds, is subject to reduction arising from the State's purchase or optional redemption of the VP Bonds in the manner described in Section 6 of this resolution.

(c) Reimbursements of the General Fund. The General Fund in the State Treasury shall be reimbursed with respect to payments made on account of the VP Bonds in the manner and to the extent described in the applicable Refunded Bond Authorization Statutes.

Section 9. Deposits Into and Payments From the MVFT Bond Fund.

(a) Deposits into the MVFT Bond Fund. On or before June 30 of each year, the Committee shall certify to the State Treasurer the amount required to pay principal of and interest on the MVFT Bonds in the next fiscal year; provided, however, that the percentage of receipts required in connection with the payments due prior to the start of the next fiscal year shall be estimated within 30 days following the date of sale of the MVFT Bonds. Payments into the MVFT Bond Fund shall be made with respect to the Refunded Bonds, and the State Treasurer shall at the times set forth in the Refunded Bond Authorization Statutes applicable to such Refunded Bonds (or to the bonds originally issued and refunded by such Refunded Bonds), withdraw revenues from the Motor Vehicle Fund and deposit into the MVFT Bond Fund such amounts as are required to pay debt service on such MVFT Bonds. .

Any amounts received from the Federal government as credit payments with respect to MVFT Bonds issued as Tax-Advantaged Bonds shall be deposited in the MVFT Bond Fund.

Any surplus money in the MVFT Bond Fund may, in the discretion of the Committee, be used to redeem any bonds payable from the MVFT Bond Fund (subject to

applicable bond covenants) prior to scheduled maturities or may remain in the MVFT Bond Fund to reduce requirements upon the fuel tax portion of the Motor Vehicle Fund.

Interest earnings on money in the MVFT Bond Fund shall remain in the MVFT Bond Fund and shall be used and applied to pay the principal and interest on the MVFT Bonds or other bonds payable from the MVFT Bond Fund.

(b) Payments from the MVFT Bond Fund. On or before the date such payments are due from time to time, the State Treasurer shall pay to the Bond Registrar, from money in the MVFT Bond Fund, sums sufficient to pay the principal of and interest coming due on MVFT Bonds then outstanding. For purposes of this Section 9, principal of the outstanding MVFT Bonds shall be considered as coming due on their respective dates of maturity or, in the case of Term Bonds, on the dates and in the amounts scheduled for their mandatory redemption. The amount required to be deposited into the MVFT Bond Fund and paid to the Bond Registrar, for purposes of effecting the payment of the MVFT Bonds or the mandatory redemption of Term Bonds, is subject to reduction arising from the State's purchase or optional redemption of the MVFT Bonds in the manner described in Section 6 of this resolution.

(c) Accurate Records. The State shall maintain accurate records showing all collections of motor vehicle and special fuel taxes levied pursuant to Chapter 82.38 RCW and all payments made into and out of the MVFT Bond Fund., and such records shall be made available for inspection at any reasonable time by the Registered Owners of any of the MVFT Bonds.

Section 10. Enforcement of Rights. The Registered Owner of each Bond, or a trustee for the Registered Owners of any of the Bonds, may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in the Bond Act and this resolution.

Section 11. Form of Bonds. The Bonds shall be prepared in a form consistent with the provisions of this resolution, the applicable Bond Sale Resolution and state law.

Section 12. Execution of Bonds. The Bonds shall be executed on behalf of the State by the facsimile or manual signatures of the Governor and the State Treasurer. A facsimile of the official seal of the State shall be imprinted or otherwise reproduced on the Bonds, and the facsimile is adopted as the seal of the State for the Bonds. If any officer who shall have signed or whose facsimile signature appears on any Bond shall cease to be that officer before that Bond shall have been actually authenticated or issued, that Bond, nevertheless, may be authenticated and issued and, upon such authentication and issue, shall be as binding upon the State as though that person had not ceased to be that officer. Any Bond may be executed on behalf of the State by an officer who, on the actual date of execution of the Bond, shall be the proper officer of the State, although on the date of the Bond that officer might not have held that office.

Section 13. Authentication and Delivery of Bonds by Bond Registrar. The Bond Registrar is authorized and directed, on behalf of the State, to authenticate and deliver the Bonds initially issued or transferred or exchanged in accordance with the provisions of the Bonds and this resolution. Only those Bonds bearing a Certificate of Authentication, in the following form, manually executed by an authorized representative of the Bond Registrar, shall be valid or



obligatory for any purpose or entitled to the benefits of this resolution: “Certificate of Authentication. This Bond is one of the State of Washington [Name of Series], dated \_\_\_\_\_, 20\_\_\_, described in the Bond Resolution.” The Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

Section 14. Bond Registrar; Registration of Bonds.

(a) Registration Covenant. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The State covenants that, until all Bonds have been surrendered and canceled, it will maintain or cause to be maintained a system of recording the ownership of each Bond that complies with the provisions of Section 149(a) of the Code.

(b) Bond Registrar. The Bond Registrar shall keep, or cause to be kept, the Bond Register at its principal corporate trust office, which shall be open to inspection by the State at all times during regular business hours. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the State, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the State’s paying agent for the Bonds and to carry out all of the Bond Registrar’s powers and duties under this resolution.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar’s Certificate of Authentication on the Bonds. The Bond Registrar may become either a Registered or Beneficial Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

(c) Registered Ownership. The State and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 21 of this resolution), and neither the State nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4 of this resolution, but the registration may be transferred as herein provided. All payments made as described in Section 4 shall be valid and shall satisfy and discharge the liability of the State upon the Bond to the extent of the amount or amounts so paid.

(d) DTC Acceptance/Letter of Representations. To induce DTC to accept each Series of Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository)

with respect to each Series of Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on any Series of Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution or a Bond Sale Resolution (except such notices as shall be required to be given by the State to the Bond Registrar or to DTC (or any successor depository), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series of Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner of such Series for all purposes hereunder and under the respective Bond Sale Resolution, and all reference herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series of Bonds.

(e) Use of Depository.

(i) Unless otherwise specified in a Bond Sale Resolution, the Bonds of each Series authorized herein shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, with all Bonds maturing on the same maturity date and bearing the same interest rate in the form of a single certificate. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Committee pursuant to subsection (ii) below or such substitute depository’s successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a Series, together with a written request on behalf of the Committee, issue a single new Bond for each maturity of the Series of the immobilized Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Committee determines that it is in the best interest of the Beneficial Owners of any Series of Bonds that owners of Bonds of that Series be able to obtain those bonds in the form of Bond certificates, the ownership of that Series of Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Committee shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds for that Series to issue Bonds as herein provided in any authorized

denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of that Series together with a written request on behalf of the Committee to the Bond Registrar, new Bonds of the same Series shall be issued in the appropriate denominations and registered in the names of those persons as are identified in such written request.

(f) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any Bond shall be valid unless such Bond is surrendered to the Bond Registrar, with the assignment form appearing on such Bond duly executed by the Registered Owner or its duly authorized agent in a manner satisfactory to the Bond Registrar. Upon surrender of a Bond for transfer or exchange, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Bond or Bonds (at the option of the new Registered Owner) of the same Series, date, maturity and interest rate and for the same aggregate principal amount of the surrendered Bond, in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for the surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds, as appropriate, of the same Series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during the 15 days preceding any interest payment, principal payment or redemption date.

Section 15. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, lost, stolen or destroyed, the Bond Registrar shall, upon request of the State, authenticate and deliver a new Bond, as appropriate, of the same Series, date, interest rate and maturity and of like tenor and effect in substitution therefor, all in accordance with Law. If the lost, stolen or destroyed Bond has matured, the State, at its option, may pay the same without its surrender, in accordance with Law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to the Bond Registrar of the destruction or loss of the original Bond and of its ownership and (b) such additional security, indemnity or evidence as may be required by the Committee. No substitute Bond shall be furnished until the applicant shall reimburse the State and the Bond Registrar for their respective expenses in the furnishing thereof. Each substitute Bond shall be equally and proportionately entitled to the security of this resolution with all other Bond or Bonds of the same Series, as appropriate, then outstanding. The State shall not be required to treat both the original Bond and any duplicate Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be issued and outstanding hereunder, but both the original and the duplicate Bond shall be treated as one and the same.

Section 16. Defeasance. If money and/or “Government Obligations” (as defined in chapter 39.53 RCW, as now in existence or hereafter amended) maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment of the principal of and interest on all or a designated portion of a Series of Bonds when due in accordance with their respective terms are set aside in a special fund (hereinafter called the “trust account”) to effect such payment, and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the State for the purpose of effecting

such payment, then no further payments need be made into the Bond Fund for the payment of principal of and interest on such Bonds, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of this resolution, except the right to receive payment of the principal of and interest on such Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in the trust account, and such Bonds shall no longer be deemed to be outstanding hereunder.

Section 17. Sale of the Bonds.

(a) Methods of Sale of Bonds. The Deputy State Treasurer is hereby authorized to determine, for each Series of Bonds, whether such Bonds will be sold competitively at public sale or whether such Series will be sold by means of a negotiated sale to one or more Underwriters.

If the Deputy State Treasurer determines to sell Bonds at a public sale, [s]he shall: (i) establish the date of the public sale; (ii) establish the criteria by which the successful bidder will be determined; (iii) determine the amount, form and method of delivery of a good faith deposit to the State; (iv) cause notice of the public sale to be given; and (v) provide for such other matters pertaining to the public sale as [s]he deems necessary or desirable.

If the Deputy State Treasurer determines to sell Bonds by means of a negotiated sale, [s]he is authorized to solicit proposals for the selection of firms to serve as Underwriters for such Bonds and to negotiate the terms of a bond purchase contract for the sale of those Bonds.

(b) Adoption of Bond Sale Resolutions. The State Treasurer is authorized, on behalf of the Committee, to adopt a Bond Sale Resolution to approve the sale of a Series of the Bonds within the aggregate total amount of Bonds authorized by this resolution.

Provisions of the Bond Sale Resolution may include, without limitation, (i) provisions for the acceptance of offers to purchase the Bonds and provisions for the sale and delivery of the Bonds to the purchasers; (ii) provisions for the date or dates, price or prices, aggregate principal amount of the Series, principal amounts per maturity, delivery dates, and interest rate or rates (or mechanisms for determining the interest rate or rates); (iii) redemption provisions; and (iv) other terms and conditions required by or otherwise not inconsistent with the provisions of this resolution.

(c) Elections to Treat Bonds as Tax-Advantaged Bonds. If the State Treasurer determines that it is beneficial to the State for a Series of Bonds to be sold and issued as Tax-Advantaged Bonds, the Bond Sale Resolution shall include those elections and other provisions as may be required under the Code for the State to designate that Series of Bonds as Tax-Advantaged Bonds and may authorize other actions as are necessary or appropriate for the State to receive from the United States Treasury the applicable Federal Credit Payments or for the holders to receive the applicable tax credit in respect of those Bonds.

Section 18. Official Statement. To allow the initial Underwriters of the Bonds of each Series to comply with Section (b)(1) of the Rule, the Committee hereby authorizes the State Treasurer or Deputy State Treasurer to execute a certificate “deeming final,” as of its date, the preliminary official statement to be prepared by the State in connection with the offering of each

Series of Bonds. A preliminary official statement may be deemed final even though it omits information as to offering prices, interest rates, selling compensation, aggregate principal amounts, principal amount per maturity, maturity dates, options of redemption, delivery date, ratings and other terms of the Bonds that are dependent on such matters.

The Committee authorizes and approves the preparation, execution by the State Treasurer or Deputy State Treasurer and delivery to the Underwriter of a final official statement for the Bonds of each Series, in the form of the preliminary official statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the State Treasurer or Deputy State Treasurer. The Committee authorizes and approves the distribution by the Underwriters of the preliminary official statement to potential purchasers of the Bonds and the final official statement to purchasers of the Bonds.

Section 19. Delivery of Bonds. The proper State officials are authorized and directed to execute all documents and to do everything necessary, without unreasonable delay after each Bond Sale Resolution is adopted, for (a) the preparation and delivery of transcripts of proceedings pertaining to the Series of Bonds sold thereunder, and (b) the preparation, authentication and delivery of such Bonds, in definitive form, to the initial Underwriters thereof.

Each Series of Bonds will be prepared at the State's expense and will be delivered to the initial Underwriters thereof in accordance with its offer to purchase the Bonds of such Series, with the approving legal opinion of Bond Counsel regarding each such Series.

Section 20. Tax Covenants. The Committee on behalf of the State covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Tax-Exempt Bonds and will take or require to be taken such acts as may be permitted by law and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Tax-Exempt Bonds. Without limiting the generality of the foregoing, the State will comply with Section 148 of the Code, will spend the proceeds of the Tax-Exempt Bonds with due diligence to completion of the purposes specified herein, will pay any required rebate or penalty (if permitted in lieu of loss of tax exemption) to the United States under Section 148(f) of the Code, and will not invest or make other use of the proceeds of the Tax-Exempt Bonds or of its other money or take such other intentional acts at any time during the term of the Tax-Exempt Bonds that will cause such Tax-Exempt Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The State Treasurer may establish such accounts and/or subaccounts as the State Treasurer deems necessary to comply with this section.

The Committee on behalf of the State also covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the entitlement of the State to receive from the United States Treasury the applicable Federal Credit Payments in respect of Tax-Advantaged Bonds, or the entitlement of the Beneficial Owners to receive tax credits in respect of Tax-Advantaged Bonds.

Section 21. Undertaking to Provide Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the State's written undertaking for the benefit of the owners of each Series of the Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data.

(i) *Annual Disclosure Report.* The State covenants and agrees that not later than seven months after the end of each fiscal year (the "Submission Date"), the State shall provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (ii) of this subsection (b). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (ii) of this subsection (b); provided that any Audited Financial Statements (hereinafter defined) may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such Audited Financial Statements are not available by the Submission Date. If the State's fiscal year changes, the State shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection (c) hereof, and if for any fiscal year the State does not furnish an Annual Disclosure Report to the MSRB by the Submission Date, the State shall send a notice to the MSRB.

(ii) *Content of Annual Disclosure Reports.* The State's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited Financial Statements.* Audited financial statements of the State prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as the same shall be amended from time to time, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the State, and the State's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available;

(B) *Financial and Operating Data.* Historical financial and operating data for the State of the type included in the official statement for such Series; and

(C) *Amendments.* A narrative explanation of any reasons for any amendments to this undertaking made during the previous fiscal year and the effect of such amendments on the Annual Disclosure Report being provided.

Any or all of the items listed above may be included by specific reference to documents available to the public on the internet website of the MSRB or filed with the Commission. The State shall identify clearly each document so included by reference.

If not provided as part of the Annual Disclosure Report discussed above, the State shall provide the State's audited annual financial statements prepared in accordance with regulations prescribed by the State auditor when and if available to the MSRB.

(c) Listed Events. The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB notice of the occurrence of any of the following events with respect to the respective Series of Bonds (which may be amended if the Rule is amended prior to the Issue Date of any Series of Bonds): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of owners, if material; (8) Bond calls (other than scheduled sinking fund redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing the repayment of the respective Series of Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the State, as such “Bankruptcy Events” are defined in the Rule; (13) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Bonds, the State may state in its preliminary and final official statements for any Series that there is no property securing the repayment of such Bonds nor, if applicable, are there any debt service reserves or credit enhancement or liquidity provider.

(d) Notice Upon Failure to Provide Financial Data. The State agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) Termination/Modification. The State's obligations to provide annual financial information and notices of listed events with respect to each Series of Bonds shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds of such Series. This section, or any provision hereof, shall be null and void if the State (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies, in a timely manner, the MSRB of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the State may amend this section and any provision of this section may be waived, with an approving opinion of nationally recognized bond counsel to the effect that such amendment or waiver is permitted by the Rule.

In the event of any amendment of or waiver of a provision of this section, the State shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the State. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) Owner's Remedies Under this Section. The right of the Registered Owners or any beneficial owner to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the State's obligations hereunder, and any failure by the State to comply with the provisions of this undertaking shall not be a default with respect to the Bonds under this resolution.

(g) Additional Information. Nothing in this section shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this section or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a listed event, in addition to that which is required by this section. If the State chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a listed event in addition to that specifically required by this section, the State shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a listed event.

Section 22. Redemption of the Refunded Bonds. As part of a Refunding Plan, the State, acting by and through the Committee, will call for redemption, prior to maturity, the Refunded Bonds at the times and at the prices to be set forth in each Bond Sale Resolution. Such call for redemption of the Refunded Bonds may be subject to revocation by the State prior to, and/or conditioned upon, delivery to the initial purchaser of the applicable Series of Bonds and receipt of the proceeds thereof by the State, but shall be irrevocable thereafter. The proper State officials are authorized and directed to give or cause to be given such notice as may be required,



at the times and in the manner required, pursuant to the various Refunded Bond Authorization Statutes and the resolutions authorizing the issuance of the various Series of Refunded Bonds, in order to effect the redemption prior to their maturity of the Refunded Bonds on the dates to be set forth in the Bond Sale Resolutions.

Section 23. Acquisition of Government Obligations and Other Investments. For each issuance of the Bonds, but only to the extent required pursuant to the respective Refunding Plan, the Deputy State Treasurer shall acquire, or cause the Escrow Agent to acquire, on behalf of the Committee, those Government Obligations, which, taking into consideration the interest to be earned thereon and on other money deposited with the Escrow Agent pursuant to the Refunding Plan, shall be scheduled to provide cash flow sufficient to pay: (a) interest on the Refunded Bonds described in such Refunding Plan, when due, to and including their respective call dates under the Refunding Plan; and (b) on the respective call dates of such Refunded Bonds, the principal of those Refunded Bonds scheduled to be called on such dates under the Refunding Plan. The Deputy State Treasurer shall designate or cause the Escrow Agent to designate that all of the principal of and interest on the Government Obligations, acquired or subscribed for, shall be payable to the Escrow Agent. Those subscriptions may be amended as permitted by federal law and regulations.

Section 24. Verification of Sufficiency of Escrow. If required pursuant to the respective Refunding Plan, the Deputy State Treasurer is authorized and directed to obtain, prior to the Issue Date for each Series of the Bonds, an independent verification from a national firm of independent certified public accountants that, among other things, the cash flow scheduled to be received from any Government Obligations described in the respective Refunding Plan, together with any uninvested initial cash balances, shall be sufficient to make the payments described in Section 23 of this resolution with respect to the Refunded Bonds that are the subject of such Refunding Plan. At such Issue Dates, if there has been any change in Government Obligations or cash deposited with the Escrow Agent under the respective Refunding Plan, the State Treasurer or Deputy State Treasurer shall verify the sufficiency of the Escrow Account in such manner as shall be deemed appropriate, and the independent verification of the national firm of independent certified public accountants shall be amended accordingly.

Section 25. Escrow Agreement. Any Escrow Agreements between the Committee and the Escrow Agent shall be substantially in a form of Exhibit 1 attached hereto and hereby made a part hereof. The State Treasurer is authorized and directed to execute and deliver an Escrow Agreement to the Escrow Agent, on behalf of the Committee, on or before each Issue Date of the Bonds with such changes as the State Treasurer deems to be in the State's best interest; and his execution and delivery of such Escrow Agreement shall evidence, irrevocably, the approval of the executed Escrow Agreement by the Committee.

Section 26. Application of Bond Proceeds. The State Treasurer shall cause accrued interest, if any, on each Series of Bonds received on each Issue Date to be deposited into the VP Bond Fund and the MVFT Bond Fund, as appropriate. The State Treasurer shall pay or deliver the other proceeds of each Series of Bonds (except for amounts necessary to pay the expenses of carrying out the applicable Refunding Plans, which shall be paid in such manner as determined by the Committee or State Treasurer) and/or the investments purchased with all or a portion of the money, as provided in the applicable Refunding Plan. The proper State officials are

authorized and directed to execute and deliver all documents, purchase Government Obligations and/or other investments (as provided in the Escrow Agreements) and to take other actions necessary to accomplish the Refunding Plans.

Section 27. Defeasance of Refunded Bonds. Upon delivery of each Series of Bonds to the Underwriters thereof on the Issue Date, the Refunded Bonds to be redeemed with the proceeds of such Bonds shall no longer be considered to be outstanding for purposes of the limitation on State indebtedness contained in Article VIII, Section 1 of the State Constitution. Thereafter, such Refunded Bonds and any interest obligations relating to them shall cease to be entitled to any lien, benefit or security of the resolutions of the Committee pursuant to which they were issued, except for (a) the right to receive the money and the proceeds of the investments irrevocably deposited and set aside pursuant to any applicable Escrow Agreement, for payment of such Refunded Bonds, and except as otherwise provided in the resolutions authorizing the respective Refunded Bonds, and (b) any applicable covenants relating to the tax exemption for interest on tax-exempt Refunded Bonds.

Section 28. Contract; Severability. The covenants contained in this resolution and in the Series of Bonds issued hereunder shall constitute a contract between the State and the Registered Owner of each Bond. If any one or more of the covenants or agreements provided in this resolution, to be performed by the State, shall be declared by any court of competent jurisdiction after final appeal (if any appeal be taken) to be contrary to law, then the covenant or covenants, agreement or agreements, shall be null and void, shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution, the Bonds.

Section 29. Filing of Resolution. The Deputy State Treasurer is directed to file with the State Treasurer, pursuant to RCW 39.42.100, a certified copy of this resolution immediately upon its adoption.

Section 30. Ratification. All actions heretofore taken by officers or staff of the Committee consistent with the terms of this resolution are ratified, approved and confirmed.

Section 31. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 8<sup>th</sup> day of August, 2019.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Duane A. Davidson  
State Treasurer and Chair

By \_\_\_\_\_  
Jay Inslee  
Governor and Member

By \_\_\_\_\_  
Cyrus Habib  
Lieutenant Governor and Member

ATTEST:

\_\_\_\_\_  
Jason P. Richter  
Deputy State Treasurer and Secretary

**EXHIBIT 1**

**ESCROW DEPOSIT AGREEMENT**

**STATE OF WASHINGTON**

**[Motor Vehicle Fuel Tax][Various Purpose]  
General Obligation Refunding Bonds  
Series \_\_\_\_\_**

**THIS ESCROW DEPOSIT AGREEMENT**, dated as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (herein, together with any amendments or supplements hereto, called the “Agreement”), is entered into by and between the STATE OF WASHINGTON (herein called the “State”) and \_\_\_\_\_, as escrow agent (herein, together with any successor in such capacity, called the “Escrow Agent”). The notice addresses of the State and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

**WITNESSETH :**

**WHEREAS**, the State heretofore has issued and there presently remain outstanding the obligations described in Exhibit B attached hereto (the “Refunded Bonds”); and

**WHEREAS**, pursuant to Resolution No. 1224 adopted on August 8, 2019, and Resolution No. \_\_\_ adopted on \_\_\_\_\_ (collectively, the “Resolution”), the State has determined to issue its [Motor Vehicle Fuel Tax][Various Purpose] General Obligation Refunding Bonds, Series \_\_\_\_\_ (the “Refunding Bonds”) for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

**WHEREAS**, the terms of the Resolution provide that the Refunding Bonds shall be issued and delivered on this date; and

**WHEREAS**, the Escrow Agent has reviewed the Resolution and this Agreement, and is willing to serve as Escrow Agent hereunder; and

**WHEREAS**, pursuant to the Resolution, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the Refunded Bonds will come due in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

**WHEREAS**, \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_, has prepared a verification report which is dated \_\_\_\_\_, 20\_\_ (the “Verification Report”) relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the

payment of principal of and accrued interest due on the Refunded Bonds on the Redemption Date; and

**WHEREAS**, the Resolution authorizes the State to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds, directly with the Escrow Agent for any of the Refunded Bonds, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the discharge and final payment of the Refunded Bonds; and

**WHEREAS**, the Resolution further authorizes the State to enter into an escrow agreement with the Escrow Agent with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the State and the Escrow Agent may agree; and

**WHEREAS**, the Refunding Bonds have been duly authorized to be issued, sold and delivered for the purpose of obtaining the funds required to provide for the payment of the principal of, interest on and redemption premium (if any) on the Refunded Bonds when due as shown on Exhibit C attached hereto; and

**WHEREAS**, the State desires that, concurrently with the delivery of each series of the Refunding Bonds to the purchasers thereof, certain proceeds of the Refunding Bonds, together with certain other available funds of the State, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the “Escrowed Securities” for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

**WHEREAS**, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Bonds as it accrues and becomes payable and the principal of and redemption premium (if any) on the Refunded Bonds as it becomes due and payable; and

**WHEREAS**, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the State desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

**WHEREAS**, when Escrowed Securities for the Refunded Bonds have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

**WHEREAS**, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

**NOW, THEREFORE**, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest and redemption premium (if any) on

the Refunded Bonds, the State and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

## **ARTICLE 1. General**

### **Section 1.1 Definitions.**

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

“Escrow Fund” means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

“Escrowed Securities” means the noncallable Government Obligations described in Exhibit D attached to this Agreement, or cash or other noncallable obligations substituted therefor pursuant to Section 4.3 of this Agreement.

“Government Obligations” means direct, noncallable (a) United States Treasury Securities, (b) United States Treasury Securities - State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

“Paying Agent” means the fiscal agency of the State of Washington, as the paying agent for the Refunded Bonds.

### **Section 1.2 Other Definitions.**

The terms “Agreement,” “State,” “Escrow Agent,” “Resolution,” “Verification Report,” “Refunded Bonds,” and “Refunding Bonds” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

### **Section 1.3 Interpretations.**

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effect the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

## **ARTICLE 2. Deposit of Funds and Escrowed Securities**

### **Section 2.1 Deposits in the Escrow Fund.**

Concurrently with the sale and delivery of the Refunding Bonds, the State shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the State in writing.

## **ARTICLE 3. Creation and Operation of Escrow Fund**

### **Section 3.1 Escrow Fund.**

The Escrow Agent has created on its books a special trust fund and irrevocable escrow (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund funds provided by the State from proceeds of the Refunding Bonds sufficient to purchase the Escrowed Securities described in Exhibit D attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest and redemption premium on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the State, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

### **Section 3.2 Payment of Principal and Interest.**

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Bonds at their respective redemption or maturity dates and interest thereon to such maturity or redemption dates together with any redemption premium in the amounts and at the times shown in Exhibit C attached hereto.

### **Section 3.3 Sufficiency of Escrow Fund.**

The State represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide money for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and the principal of the Refunded Bonds as the Refunded Bonds mature and/or are paid on an optional redemption date prior to maturity and any redemption premium payable upon the optional redemption of the Refunded Bonds, all as more fully set forth in Exhibit E attached hereto.

### **Section 3.4 Trust Fund.**

The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the State, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the State or, except to the extent expressly herein provided, by the Paying Agent.

## **ARTICLE 4. Limitation on Investments**

### **Section 4.1 Investments.**

Except for the initial investment in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

### **Section 4.2 Substitution of Securities.**

At the written request of the State, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Government Obligations which do not permit the redemption thereof at the option of the obligor, and in connection therewith the State reserves the right to call for redemption prior to maturity any of the Refunded Bonds to the extent permitted by their authorizing resolution and escrow verification. Any such transaction may be effected by the Escrow Agent only if the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and a verification report from an independent accounting firm or verification agent to the effect that such substitution, the securities and cash (if any) in the Escrow Fund shall be sufficient to pay principal, interest and premium (if any) on the Refunded Bonds when due.



## **ARTICLE 5. Application of Cash Balances**

### **Section 5.1 In General.**

Except as provided in Sections 3.2 and 4.2 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent in U.S. currency and as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent.

## **ARTICLE 6. Redemption of Refunded Bonds**

### **Section 6.1 Call for Redemption.**

The State hereby irrevocably calls the Refunded Bonds for redemption on their earliest redemption dates, as shown in the Verification Report and in the form(s) of Notice of Redemption contained in Appendix A attached hereto.

### **Section 6.2 Notice of Redemption.**

The Escrow Agent agrees to deliver notices of the redemption and defeasance of the Refunded Bonds pursuant to the terms of the Refunded Bonds and in substantially the forms attached hereto as Appendices A-1 through A-\_\_, and as described on such Appendices A-1 through A-\_\_, to the Paying Agent for distribution by the Paying Agent as described therein. The notices of defeasance shall be given [immediately/within two days] following the execution of this Agreement, and the notices of redemption shall be given in accordance with each of the resolutions authorizing the issuance of the Refunded Bonds. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of such notices of redemption of the Refunded Bonds. The cost of publication of the notices will be paid by the State.

### **Section 6.3 Records.**

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

### **Section 6.4 Reports.**

While this Agreement remains in effect, the Escrow Agent shall prepare and send to the State a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Bonds or otherwise, together with a detailed statement of all

Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

## **ARTICLE 7. Concerning the Escrow Agent**

### **Section 7.1 Representations.**

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

### **Section 7.2 Limitation on Liability.**

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the State promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the State and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrars therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the State thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to risk, use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the State with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the State or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the State at any time.

### **Section 7.3 Compensation.**

The payment arrangement heretofore made between the Escrow Agent and the State on compensation for performing the services hereunder and for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement is satisfactory to it and to the State, and no further payment to the Escrow Agent shall be required for such purpose. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.

### **Section 7.4 Successor Escrow Agents.**

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or if the Escrow Agent resigns, for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the State, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the State within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the State, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within 60 days after a vacancy shall have occurred, the owner of any Refunded Bond or the Escrow Agent may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a bank, trust company or corporation organized and doing business under the laws of the United States or any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the State and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the State shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 7.4 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

## **ARTICLE 8. Miscellaneous**

### **Section 8.1 Notice.**

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the State or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

### **Section 8.2 Termination of Responsibilities.**

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the State, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

### **Section 8.3 Binding Agreement.**

This Agreement shall be binding upon the State and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the State, the Escrow Agent and their respective successors and legal representatives.

**Section 8.4 Severability.**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

**Section 8.5 Washington Law Governs.**

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Washington.

**Section 8.6 Time of the Essence.**

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

**Section 8.7 Amendments.**

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall materially adversely affect the rights of the holders of the Refunded Bonds, as may be evidenced by an opinion of counsel delivered to the Escrow Agent. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the Refunded Bonds.

**EXECUTED** as of the date first written above.

**STATE OF WASHINGTON**

---

Deputy State Treasurer-Debt Management

**[ESCROW AGENT]**

---

Authorized Officer

- Exhibit A - Addresses of the State and the Escrow Agent
- Exhibit B - Description of the Refunded Bonds
- Exhibit C - Schedule of Debt Service on Refunded Bonds
- Exhibit D - Description of Beginning Cash Deposit (if any) and Escrowed Securities
- Appendix A - Notices of Redemption and Defeasance

**EXHIBIT A**  
**Addresses of the State and Escrow Agent**

**State:**

State of Washington  
Office of State Treasurer  
416 Sid Snyder Avenue SW, Room 230  
Olympia, Washington 98504

P. O. Box 40200  
Olympia, Washington 98504-0200  
Attention: Deputy State Treasurer—Debt Management

**Escrow Agent:**

\_\_\_\_\_  
Attention: Corporate Trust

**EXHIBIT B**  
**Description of the Refunded Bonds**

**REFUNDED BONDS**

Designation	Refunded Bonds Authorizing Statutes	Dated Date of Issue	Original Principal Amount	Principal Amount Outstanding	Principal Amount Refunded	Maturities to be Refunded ("Refunded Bonds")	Redemption Date and Redemption Price	Herein Referred to As
-------------	--	---------------------------	---------------------------------	------------------------------------	---------------------------------	---	---	--------------------------



**EXHIBIT C**  
**Schedule of Debt Service on Refunded Bonds**

[Attach schedules prepared by Financial Advisor]

**EXHIBIT D  
Escrow Deposit**

**Date of Deposit:** \_\_\_\_\_

**I. Cash - \$** \_\_\_\_\_

**II. Other Obligations**

[For SLGS Escrow]

<u>Type</u>	<u>Maturity Date</u>	<u>Par Amount</u>	<u>Interest Rate</u>
-------------	--------------------------	-----------------------	--------------------------

[For Open Market Escrow]

<u>Description</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Cost</u>	<u>Accrued Interest</u>	<u>Total Cost</u>
	\$	%	%	\$	\$	\$	\$

**APPENDIX A-1**  
**Notice of Defeasance**

**STATE OF WASHINGTON, [MOTOR VEHICLE FUEL TAX][VARIOUS PURPOSE]  
GENERAL OBLIGATION BONDS, SERIES \_\_\_\_\_**

NOTICE IS HEREBY GIVEN to the owners of the following described bonds with respect to which, pursuant to an Escrow Deposit Agreement dated \_\_\_\_\_, \_\_\_\_, by and between the State of Washington (the “State”) and \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Escrow Agent”), the State has deposited into an escrow fund, held by the Escrow Agent, cash and non-callable direct obligations of the United States of America, the principal of and interest on which, when due, will provide money sufficient to pay each year, to and including the respective maturity or redemption date of such bonds so provided for, the principal thereof and interest thereon (the “Refunded Bonds”). Such Refunded Bonds are therefore deemed to be no longer outstanding pursuant to the provisions of resolutions authorizing their respective issuance, but will be paid by application of the assets of such escrow fund.

The Refunded Bonds are described as follows:

<u>Series</u> <u>Designation</u>	<u>Maturity</u> <u>Dates</u>	<u>Par</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>	<u>CUSIP</u> <u>Nos.</u>
-------------------------------------	---------------------------------	-----------------------------------	-------------------------------------	----------------------------------	-----------------------------------	-----------------------------

**By Order of the State of Washington**

**U.S. Bank National Association, as Paying Agent**

Dated: \_\_\_\_\_.

**\*Information for Individual Registered Owner**

The addressee of this notice is the registered owner of Bond Certificate No. \_\_\_\_\_ of the Defeased Bonds described above, which certificate is in the principal amount of \$\_\_\_\_\_.

The State and Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Defeased Bond. They are included solely for the convenience of the holders

\_\_\_\_\_, as Escrow Agent

**APPENDIX A-2  
Notice of Redemption**

**STATE OF WASHINGTON, [MOTOR VEHICLE FUEL TAX][VARIOUS PURPOSE]  
GENERAL OBLIGATION BONDS, SERIES \_\_\_\_\_**

NOTICE IS HEREBY GIVEN that the State has called the following described bonds for redemption on the dates listed below. Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on their respective redemption dates. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

**U.S. Bank National Association  
Global Corporate Trust Services  
111 Fillmore Ave E  
St. Paul, MN 55107**

The Bonds are described as follows:

<u>Series Designation</u>	<u>Maturity Dates</u>	<u>Par Amounts (\$)</u>	<u>Interest Rates (%)</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP Nos.</u>
-------------------------------	---------------------------	-----------------------------	-------------------------------	----------------------------	-----------------------------	-----------------------

**By Order of the State of Washington**

**U.S. Bank National Association, as Paying Agent**

Dated: \_\_\_\_\_.

Under Section 3406(a)(1) of the Internal Revenue Code the Registrar may be obligated to withhold a percentage of the principal of a holder who has failed to furnish the Registrar with a valid taxpayer identification number and a certification that the owner is not subject to backup withholding. Owners who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their certificates for payment.

The State and Escrow Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.

**EXHIBIT 2**

**SCHEDULE OF REFUNDED BOND CANDIDATES AND BOND FUNDS**

**Key:** VP = Various Purpose  
MVFT = Motor Vehicle Fuel Tax

as of 07/11/2019

<b>Dated Date</b>	<b>Issue</b>	<b>Par Amount of Callable Bonds (\$)</b>	<b>Bond Fund</b>	<b>Laws/Session</b>	<b>Chapter/ (Section)</b>	<b>Authorizing Resolution</b>
10/22/09	MVFT GO Bonds, Series 2010D (Taxable BABs-Direct Payment)	503,365,000	303 303 303 303	1993 1998 2003 2005	431 321 (16) 147 (1) 315 (1)	1085
10/28/09	VP GO Refunding Bonds, Series R-2010B	101,655,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		945
10/28/09	MVFT GO Refunding Bonds, Series R-2010C	58,770,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		945
6/01/10	MVFT GO Bonds, Series 2010F (Taxable BABs-Direct Payment)	974,300,000	303 303 303 303	1993 1998 2003 2005	431 321 (16) 147 (1) 315 (1)	1085
8/10/10	VP GO Refunding Bonds, Series R-2011A	82,080,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1023
9/28/10	VP GO Refunding Bonds, Series R-2011B	220,095,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1023
9/28/10	MVFT GO Refunding Bonds, Series R-2011C	179,035,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1023
2/02/11	VP GO Bonds, Series 2011B	30,960,000	383 380 380 383 380	2003 2006 2007 2008 2009	147 (7) 167 (201) 521 (2)(1-5) 179 (202) 498 (2)(1-5)	1084
8/01/11	VP GO Bonds, Series 2012A	106,350,000	380 380 380 380	1989 1 <sup>st</sup> Ex. Sess. 2003 1 <sup>st</sup> Sp. Sess 2006 2009.	14 (2)(9) 18 (4) 167 (201) 498 (2) (1-5)	1084
8/01/11	MVFT GO Bonds, Series 2012B-1	182,905,000	303 303 303	1998 2003 2005	321 (16) 147 (1) 315 (1)	1085

<b>Dated Date</b>	<b>Issue</b>	<b>Par Amount of Callable Bonds (\$)</b>	<b>Bond Fund</b>	<b>Laws/ Session</b>	<b>Chapter/ (Section)</b>	<b>Authorizing Resolution</b>
8/03/11	MVFT GO Bonds, Series 2012B-2	13,530,000	303 303 303	1998 2003 2005	321 (16) 147 (1) 315 (1)	1085
11/09/11	VP GO Refunding Bonds, Series R-2012A	82,100,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1116
11/09/11	MVFT GO Refunding Bonds, Series R-2012B	32,635,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1116
2/21/12	VP GO Refunding Bonds, Series R-2012C	513,615,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1116
2/21/12	MVFT GO Refunding Bonds, Series R-2012D	173,195,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1116
3/09/12	VP GO Bonds, Series 2012D	159,910,000	380 380 380 380 380 380	2003 1 <sup>st</sup> Sp. Sess. 2006 2006 2007 2009 2011 1 <sup>st</sup> Sp. Sess.	18 (4) 167 (201) 167 (301) 521 (2)(1-5) 498 (2)(1-5) 49 (7002)(1)(a-e)	1114
3/09/12	MVFT GO Bonds, Series 2012E	160,730,000	303 303	2003 2005	147 (1) 315 (1)	1115
8/02/12	VP GO Bonds, Series 2013A	177,335,000	380 383 380 380 380 380	1989 1 <sup>st</sup> Ex. Sess. 2003 2006 2009 2011 1 <sup>st</sup> Sp. Sess. 2012 2 <sup>nd</sup> Sp. Sess.	14 147 (7) 167 (201) 498 (2)(1-5) 49 (7002)(1)(a-e) 1 (201)	1114 1114 1114 1114 1114 1128
8/02/12	MVFT GO Bonds, Series 2013B-1	146,270,000	303 303 303	1998 2003 2005	321 (16) 147 (1) 315 (1)	1115
8/02/12	MVFT GO Bonds, Series 2013B-2	15,550,000	303 303 303	1998 2003 2005	321 (16) 147 (1) 315 (1)	1115
9/06/12	VP GO Refunding Bonds, Series R-2013A	205,645,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1116
9/06/12	MVFT GO Refunding Bonds, Series R-2013B	202,830,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1116
2/05/13	VP GO Refunding Bonds, Series R-2013C	332,255,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1116

<b>Dated Date</b>	<b>Issue</b>	<b>Par Amount of Callable Bonds (\$)</b>	<b>Bond Fund</b>	<b>Laws/ Session</b>	<b>Chapter/ (Section)</b>	<b>Authorizing Resolution</b>
2/05/13	VP GO Bonds, Series 2013D	169,465,000	380 383 380 380 380 380	1989 1 <sup>st</sup> Ex. Sess. 2003 2006 2009 2011 1 <sup>st</sup> Sp. Sess. 2012 2 <sup>nd</sup> Sp. Sess.	14 147 (7) 167 (201) 498 (2)(1-5) 49 (7002)(1)(a-e) 1 (201)	1114 1114 1114 1114 1114 1128
2/05/13	MVFT GO Refunding Bonds, Series R-2013D	115,460,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1116
2/05/13	MVFT GO Bonds, Series 2013E	267,095,000	303 303 303	1998 2003 2005	321 (16) 147 (1) 315 (1)	1115
8/21/13	VP GO Bonds, Series 2014A	434,245,000	380 380 380	2009 2011 1 <sup>st</sup> Sp. Sess. 2012 2 <sup>nd</sup> Sp. Sess.	498 (2)(1-5) 49 (7002)(1)(a-e) 1 (201)	1114 1114 1128
8/21/13	MVFT GO Bonds, Series 2014B	204,335,000	303 303 303	1998 2003 2005	321 (16) 147 (1) 315 (1)	1115
2/05/14	VP GO Bonds, Series 2014D	311,490,000	380 380 380 380 380	2006 2006 2011 1 <sup>st</sup> Sp. Sess. 2012 2 <sup>nd</sup> Sp. Sess. 2013 2 <sup>nd</sup> Sp. Sess.	167 (201) 167 (301) 49 (7002)(1)(a-e) 1 (201) 20 (1)	1148
2/05/14	MVFT GO Bonds, Series 2014E	196,020,000	303 303	2003 2005	147 (1) 315 (1)	1149
7/09/14	VP GO Refunding Bonds, Series R-2015A	106,565,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1150
7/09/14	VP GO Bonds, Series 2015A-1	205,380,000	380 380 380 380	2006 2011 1 <sup>st</sup> Sp. Sess. 2012 2 <sup>nd</sup> Sp. Sess. 2013 2 <sup>nd</sup> Sp. Sess.	167 (201) 49 (7002)(1)(a-e) 1 (201) 20 (1)	1148
7/09/14	VP GO Bonds, Series 2015A-2	9,590,000	380 380 380 380	2006 2011 1 <sup>st</sup> Sp. Sess. 2012 2 <sup>nd</sup> Sp. Sess. 2013 2 <sup>nd</sup> Sp. Sess.	167 (201) 49 (7002)(1)(a-e) 1 (201) 20 (1)	1148
7/09/14	MVFT GO Refunding Bonds, Series R-2015B	91,475,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1150
7/09/14	GO Bonds, Series 2015T (Taxable)	8,845,000	380	2013 2 <sup>nd</sup> Sp. Sess.	20 (1)	1148



<b>Dated Date</b>	<b>Issue</b>	<b>Par Amount of Callable Bonds (\$)</b>	<b>Bond Fund</b>	<b>Laws/ Session</b>	<b>Chapter/ (Section)</b>	<b>Authorizing Resolution</b>
11/06/14	VP GO Refunding Bonds, Series R-2015C	419,645,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1150
11/06/14	MVFT GO Refunding Bonds, Series R-2015D	251,620,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1150
2/04/15	VP GO Refunding Bonds, Series R-2015E	263,545,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1150
2/04/15	VP GO Bonds, Series 2015B	245,315,000	380 380 380 380	2006 2008 2011 1 <sup>st</sup> Sp. Sess. 2013 2 <sup>nd</sup> Sp. Sess.	167 (201) 179 (101) 49 (7002)(1)(a-e) 20 (1)	1148
2/04/15	MVFT GO Bonds, Series 2015C	147,180,000	303 303 303	1998 2005 2005	321 (16) 147 (1) 315 (1)	1149
3/04/15	VP GO Refunding Bonds, Series R-2015G	48,240,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1150
3/04/15	MVFT GO Refunding Bonds, Series R-2015H	132,745,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1150
3/04/15	MVFT GO Refunding Bonds, Series R-2015F	90,550,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1150
10/8/15	VP GO Bonds, Series 2016A-1	385,565,000	380 380 380 380	2008 2011 1 <sup>st</sup> Sp. Sess. 2013 2 <sup>nd</sup> Sp. Sess. 2015 3 <sup>rd</sup> Sp. Sess.	179 (101) 49 (7002)(1)(a-e) 20 (1) 37 (1)	1170
10/8/15	VP GO Bonds, Series 2016A-2	19,060,000	380 380 380	2011 1 <sup>st</sup> Sp. Sess. 2013 2 <sup>nd</sup> Sp. Sess. 2015 3 <sup>rd</sup> Sp. Sess.	49 (7002)(1)(a-e) 20 (1) 37 (1)	1170
10/8/15	MVFT GO Bonds, Series 2016B	139,035,000	303 303	2003 2005	147 (1) 315 (1)	1171
2/16/16	VP GO Refunding Bonds, Series R-2016B	351,710,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1172
2/16/16	VP GO Bonds, Series 2016C	234,605,000	380 380 380 380 380	2006 2009 2011 1 <sup>st</sup> Sp. Sess. 2013 2 <sup>nd</sup> Sp. Sess. 2015 3 <sup>rd</sup> Sp. Sess.	167 (201) 498 (2)(1-5) 49 (7002)(1)(a-e) 20 (1) 37 (1)	1170
2/16/16	MVFT GO Refunding Bonds, Series R-2016C	102,110,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1172

<b>Dated Date</b>	<b>Issue</b>	<b>Par Amount of Callable Bonds (\$)</b>	<b>Bond Fund</b>	<b>Laws/ Session</b>	<b>Chapter/ (Section)</b>	<b>Authorizing Resolution</b>
2/16/16	MVFT GO Bonds, Series 2016D	146,310,000	303 303	2003 2005	147 (1) 315 (1)	1171
7/14/16	VP GO Refunding Bonds, Series R-2017A	244,530,000	1	Ch. 39.42 RCW Ch. 39.53 RCW		1172
7/14/16	VP GO Bonds, Series 2017A	354,110,000	380 380 380 380	2006 2009 2013 2 <sup>nd</sup> Sp. Sess. 2015 3 <sup>rd</sup> Sp. Sess.	167 (201) 498 (2)(1-5) 20 (1) 37 (1)	1170
7/14/16	MVFT GO Refunding Bonds, Series R-2017B	166,155,000	2	Ch. 39.42 RCW Ch. 39.53 RCW		1172
9/20/16	MVFT GO Bonds, Series 2017B	99,245,000	303 303	2003 2005	147 (1) 315 (1)	1171
1/24/17	VP GO Bonds, Series 2017D	341,110,000	380 380 380	2009 2013 2 <sup>nd</sup> Sp. Sess. 2015 3 <sup>rd</sup> Sp. Sess.	498 (2)(1-5) 20 (1) 37 (1)	1170
1/24/17	MVFT GO Bonds, Series 2017E	18,230,000	303	2003	147(1)	1171
10/11/17	VP GO Bonds, Series 2018A	273,820,000	380 380 380	2006 1R 2013 2S 2015 3S	167 201 20 1 37 1	1170 1170 1170
10/11/17	MVFT GO Bonds, Series 2018B	74,555,000.00	303 303	2003 1R 2005 1R	147 (1) 315 (1)	1196 1196
12/7/17	VP GO Refunding Bonds, Series R-2018C	411,610,000	380 383	1965 EX 1965 EX	138 138	1197 1197
12/20/17	VP GO Refunding Bonds, Series R-2018D	342,725,000	380 383	1965 EX 1965 EX	138 138	1197 1197
3/21/18	VP GO Bonds, Series 2018C	358,400,000	383 380 380 380 380	2008 1R 2009 1R 2013 2S 2015 3S 2018 1R	179 202 498 (2)(1-5) 20 1 37 1 3 101	1209 1209 1209 1209 1209
3/21/18	MVFT GO Bonds, Series 2018D	81,965,000	303 303	2003 1R 2005 1R	147 (1) 315 (1)	1196 1196

<b>Dated Date</b>	<b>Issue</b>	<b>Par Amount of Callable Bonds (\$)</b>	<b>Bond Fund</b>	<b>Laws/ Session</b>	<b>Chapter/ (Section)</b>	<b>Authorizing Resolution</b>
9/12/18	VP GO Bonds, Series 2019A	262,535,000	380	2006 1R	167 201	1209
			383	2008 1R	179 202	1209
			380	2011 1S	49 (7002((1)(a-c)	1209
			380	2013 2S	20 1	1209
			380	2015 3S	37 1	1209
			380	2018 1R	3 101	1209
			380	2018 1R	3 201	1209
9/12/18	MVFT GO Bonds, Series 2019B	68,650,000	303	2003 1R	147 (1)	1196
			303	2005 1R	315 (1)	1196
2/20/19	VP GO Bonds, Series 2019C	343,000,000	380	2015 3S	37 1	1209
			380	2018 1R	3 101	1209
2/20/19	MVFT GO Bonds, Series 2019D	126,350,000	303	1998 1R	321 16	1217
			303	2003 1R	147 (1)	1217
			303	2005 1R	315 (1)	1217
<b>TOTAL</b>		<b>13,319,305,000</b>				

**Bond Fund Keys:**

<b>Fund</b>	<b>Title</b>
<b>380</b>	Debt-limit <b>General Fund</b> Bond Retirement Account
<b>381</b>	Debt-limit <b>Reimbursable</b> Bond Retirement Account
<b>382</b>	Nondebt-limit <b>General Fund</b> Bond Retirement Account
<b>383</b>	Nondebt-limit <b>Reimbursable</b> Bond Retirement Account
<b>384</b>	Nondebt-limit <b>Proprietary Appropriated</b> Bond Retirement Account
<b>385</b>	Nondebt-limit <b>Proprietary Non-Appropriated</b> Bond Retirement Account
<b>386</b>	Nondebt-limit <b>Revenue</b> Bond Retirement Account
<b>303</b>	<b>Highway</b> Bond Retirement Account
<b>304</b>	<b>Ferry</b> Bond Retirement Account
<b>305</b>	<b>Transportation Improvement Board</b> Bond Retirement Account

<sup>1</sup> Fund No. 380, 381, 382, 383, 384, 385, and/or 386 pertaining to the original new money bonds refunded by such Refunded Bonds.

<sup>2</sup> Fund No. 303, 304, and/or 305 pertaining to the original new money bonds refunded by such Refunded Bonds.

CERTIFICATE

I, Jason P. Richter, the duly appointed, qualified and acting Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1224 of such Committee, adopted at an open public meeting thereof held on this 8<sup>th</sup> day of August, 2019, 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: August 8, 2019.

---

Jason P. Richter, Secretary  
State Finance Committee



**State of Washington**  
**STATE FINANCE COMMITTEE**

**DUANE A. DAVIDSON**, Chairman  
State Treasurer

**JAY R. INSLEE**  
Governor

**CYRUS HABIB**  
Lieutenant Governor

August 8, 2019

**MEMORANDUM**

**TO:** The Honorable Duane A. Davidson  
The Honorable Jay R. Inslee  
The Honorable Cyrus Habib

**FROM:** Jason P. Richter  
Deputy State Treasurer

**RE:** **Proposed Resolution No. 1225** amends and restates Resolution No. 1028 authorizing the issuance and sale of State of Washington General Obligation Bonds

**Resolution Purpose.** Proposed Resolution No. 1225 amends and restates Resolution No. 1208 authorizing the issuance of State of Washington General Obligation Bonds in a principal amount not to exceed \$5,300,000,000 for the purpose of providing funds to pay and reimburse state expenditures for Connecting Washington Projects or improvements identified in the Bond Act; 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. 1225 also authorizes the State Treasurer to establish the method of sale of bonds and adopt bond sale resolutions.

**Background.** Chapter 45, Laws of 2015 (Senate Bill 5989) (the "Bond Act") authorized the issuance and sale of up to \$5.3 billion in bonds of the State of Washington (the "State") to provide funds for transportation improvements.

The State Finance Committee adopted Resolution No. 1208 on December 8, 2017, authorizing the issuance of General Obligation bonds in the maximum principal amount of \$5,300,000,000 for the purpose of providing funds to pay and reimburse State expenditures for Connecting Washington Projects or improvements identified in the Bond Act.

**Regulatory Changes since the Adoption of Resolution No. 1208.** Since the adoption of Resolution No. 1208 the Securities and Exchange Commission adopted amendments to Rule 15c2-12 regarding continuing disclosure. Rule 15c2-12 of the Securities Exchange Act requires underwriters to reasonably determine that the issuer or obligated person has agreed to provide to the Municipal Securities Rulemaking Board (MSRB) timely notice of certain events.

The amendments add two new events: 1) Incurrence of a financial obligation of the issuer and 2) Default, event of acceleration, termination event, modification of terms, or other similar events of which reflect financial difficulties.

**Office of the State Treasurer**

Legislative Building, P.O. Box 40200 • Olympia, Washington 98504-0200 • (360) 902-9000  
TTY CALL 711 • FAX (360) 902-9045 • Home Page <http://www.tre.wa.gov>

Resolution 1225 amends and restates No. 1208 to reflect the changes to rule 15c2-12. There are no other amendments resulting from Resolution No. 1225.

**Issuance.** The bonds are expected to be issued over more than 10 years, with the first issuance starting during the 2019-21 Biennium.

**Counsel and Advisors.**

Bond Counsel:	William Tonkin, Foster Pepper PLLC Allison Schwartzman, Foster Pepper PLLC
Financial Advisor:	Robert Shelley, Piper Jaffray, Seattle Northwest Division Chia-Jung Yang, Montague DeRose and Associates LLC

**EXECUTION VERSION**

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1225

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON AMENDING AND RESTATING RESOLUTION NO. 1208; PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,300,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY AND REIMBURSE STATE EXPENDITURES FOR CONNECTING WASHINGTON PROJECTS OR IMPROVEMENTS IDENTIFIED IN THE BOND ACT; 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.

ADOPTED: AUGUST 8, 2019

## Table of Contents

Section 1.	Definitions.....	1
Section 2.	Authorization and Purpose of the Bonds .....	4
Section 3.	Description of the Bonds .....	4
Section 4.	Place, Manner and Medium of Payment.....	5
Section 5.	Redemption; Purchase; Notice; Cancellation .....	5
Section 6.	Security for Bonds .....	6
Section 7.	Deposits Into and Payments from Bond Fund and Specific Covenants .....	7
Section 8.	Enforcement of Rights .....	8
Section 9.	Form of Bonds .....	8
Section 10.	Execution of Bonds.....	8
Section 11.	Authentication and Delivery of Bonds by Bond Registrar .....	8
Section 12.	Bond Registrar; Registration of Bonds.....	9
Section 13.	Mutilated, Lost, Stolen or Destroyed Bonds.....	11
Section 14.	Defeasance .....	11
Section 15.	Sale of the Bonds .....	12
Section 16.	Official Statement .....	12
Section 17.	Delivery of Bonds.....	13
Section 18.	Disposition of Bond Proceeds.....	13
Section 19.	Tax Covenants .....	13
Section 20.	Undertaking to Provide Ongoing Disclosure.....	14
Section 21.	Alternate Use of Bond Proceeds.....	17
Section 22.	Contract; Severability .....	17
Section 23.	Filing of Resolution .....	17
Section 24.	Ratification.....	17
Section 25.	Immediate Effect.....	17



STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1225

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON AMENDING AND RESTATING RESOLUTION NO. 1208; PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION BONDS OF THE STATE IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,300,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY AND REIMBURSE STATE EXPENDITURES FOR CONNECTING WASHINGTON PROJECTS OR IMPROVEMENTS IDENTIFIED IN THE BOND ACT; 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.

WHEREAS, the Legislature of the state of Washington (the “State”) has authorized the issuance by the State Finance Committee (the “Committee”) of certain general obligation bonds of the State that are first payable from the proceeds of state excise taxes on fuel imposed by chapter 82.38 RCW and vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes; and

WHEREAS, the Committee by Resolution No. 1208 adopted on December 8, 2017, authorized the issuance of certain general obligation bonds in the maximum principal amount of \$5,300,000,000 for the purpose of providing funds to pay and reimburse State expenditures for Connecting Washington projects or improvements identified in the Bond Act; and

WHEREAS, the State has not issued any bonds authorized under Resolution No. 1208; and

WHEREAS, the Committee, desires by the adoption of this resolution to amend and restate Resolution No. 1208 to update the undertaking to provide ongoing disclosure based on amendments to Securities and Exchange Commission Rule 15c2-12; and

WHEREAS, the Committee is authorized by chapter 39.42 RCW to provide for the issuance and sale of such bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE ACTING FOR AND ON BEHALF OF THE STATE OF WASHINGTON, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this resolution and of any resolution supplemental hereto, have

the meanings specified; words importing the singular number include the plural number and vice versa:

**Authorized Bonds** means the aggregate principal amount of the general obligation bonds authorized by the Bond Act.

**Beneficial Owner** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

**Bond Act** means Chapter 45, Laws of 2015, 3<sup>rd</sup> Spec. Sess. (RCW 47.10.889-.895).

**Bond Fund** means the highway bond retirement account created in the State Treasury.

**Bond Register** means the registration books on which are maintained the names and addresses of the Registered Owners of the Bonds.

**Bond Registrar** means the Fiscal Agent.

**Bond Sale Resolution** means a supplemental resolution hereafter adopted by the Committee, or by the State Treasurer on behalf of the Committee as provided in this resolution, that establishes, among other items, the aggregate principal amount, principal amounts per maturity, maturity dates, interest rates, redemption provisions and other terms of a Series of the Bonds that are dependent upon the final pricing of such Bonds, and specifies the Bond Act for that Series of Bonds, as such resolution may be amended or supplemented from time to time. Wherever in this resolution reference is made to the adoption of a Bond Sale Resolution by the Committee or to the establishment of any matter relating to the sale of the Bonds by the Committee pursuant to a Bond Sale Resolution, that reference shall include adoption of a Bond Sale Resolution by the State Treasurer on behalf of the Committee as provided in this resolution and shall authorize the establishment of such matters relating to the sale of the Bonds by the State Treasurer pursuant to such a Bond Sale Resolution adopted by the State Treasurer.

**Bonds** means any or all of the general obligation bonds of the State, the sale and issuance of which are provided for in this resolution.

**Chair** means the Chair of the Committee.

**Code** means the Internal Revenue Code of 1986, as amended from time to time, together with all applicable rulings and regulations promulgated thereunder.

**Commission** means the Securities and Exchange Commission.

**Committee** means the State Finance Committee of the State, or any successor thereof.

**Compound Accreted Value** means the amount payable at maturity with respect to any deferred interest Bond equal to the original principal amount thereof and interest thereon, accrued from its date and compounded semiannually on each interest payment date at a rate per annum established by a Bond Sale Resolution.

**Connecting Washington Projects** means those projects or improvements that are identified as connecting Washington projects or improvements in an omnibus transportation appropriations act and authorized under the Bond Act for which the State Department of Transportation has requested financing through the issuance of a Series of the Bonds.

**Deputy State Treasurer** means the Deputy State Treasurer and Secretary of the Committee.

**DTC** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for each Series of Bonds pursuant to Section 12 hereof.

**Federal Credit Payments** means amounts which the State is entitled to receive as a subsidy or tax credit payable by the United States Treasury to the State in respect of interest on any Bonds issued as Tax-Advantaged Bonds.

**Fiscal Agent** means the fiscal agency or fiscal agencies of the State as appointed from time to time by the Committee pursuant to chapter 43.80 RCW.

**Issue Date** means the date on which a Series of Bonds is delivered to the initial purchaser or purchasers thereof upon payment in full of the purchase price therefor.

**Laws** means the statutes of the State.

**Legislature** means the Legislature of the State.

**Letter of Representations** means the Blanket Issuer Letter of Representations from the State to DTC.

**MSRB** means the Municipal Securities Rulemaking Board.

**Project Account** means the Connecting Washington Account in the Motor Vehicle Fund of the State.

**Registered Owner** means, with respect to each Series of the Bonds, the person named as the registered owner of a particular Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be the sole Registered Owner.

**Rule** means the Commission's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

**Series** shall refer to each issue of Bonds issued in the future and identified by a separate series designation.

**State** means the State of Washington.

**Tax-Advantaged Bonds** means any Bonds that are designated by the State as Bonds with respect to which the State is eligible to receive Federal Credit Payments or the holders of which

are eligible to receive a federal tax credit under any federal subsidy or credit program available under the Code.

***Tax-Exempt Bonds*** means any Bond the interest on which is excludable from gross income of the Beneficial Owner for purposes of federal income tax.

***Term Bonds*** means all Bonds that are identified as term bonds in the Bond Sale Resolutions, the payment of which will be made from mandatory sinking fund deposits into the Bond Fund.

***Underwriters*** means the underwriters identified in the Bond Sale Resolutions.

Section 2. Authorization and Purpose of the Bonds. For the purpose of providing funds to finance the Connecting Washington Projects, and all costs incidental thereto, and for the payment of the expenses incurred in connection with the sale and issuance of the Bonds, the Committee hereby authorizes, on behalf of the State, the sale and issuance of the Bonds in one or more sales and one or more Series, all as provided in the Bond Act.

The Committee covenants on behalf of the State that no Series of Bonds will be offered for sale without both a prior request by the State Department of Transportation for the sale and prior appropriation by the Legislature of the net proceeds of sale of such Bonds and that, as of the Issue Date of each Series of the Bonds, the aggregate principal amount of Authorized Bonds that the Committee shall have sold and issued, including the Bonds, will not exceed the total principal amount authorized by the Bond Act to be issued.

Section 3. Description of the Bonds. The Bonds shall be designated “General Obligation Bonds,” with such additional Series designation or other designations established by a Bond Sale Resolution; and shall be in an aggregate principal amount of not to exceed \$5,300,000,000. Each Series of Bonds shall be dated as of their Issue Date; shall be issued in fully registered form; shall be in the denomination (or, as to deferred interest Bonds, a Compound Accreted Value at maturity) of \$5,000 each or any integral multiple thereof within a single maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall mature on the date or dates in each of the years and in the principal amounts to be established by a Bond Sale Resolution. The Bond Sale Resolution shall designate whether all or a portion of the Bonds of a Series will be issued as serial bonds or Term Bonds.

Current interest Bonds of a Series shall bear interest from their Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable at such rate or rates on such interest payment dates as are established by the Bond Sale Resolution, to the maturity or earlier redemption thereof. Deferred interest Bonds shall bear interest from their date, payable at maturity, at such rate or rates compounded semiannually to produce the approximate yields to maturity as the Committee hereafter shall establish by a Bond Sale Resolution. If any Bond shall have been duly presented for payment and not paid on such applicable date, then interest shall continue to accrue thereafter at the interest rate stated on such Bond until it is paid.

Nothing in this resolution shall preclude the Committee from providing by separate resolution for the issuance and sale of a portion of the Bonds as a Series of variable interest rate Bonds.

Section 4. Place, Manner and Medium of Payment. The principal of, premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. If the Bonds of any Series are in fully immobilized form and held by DTC, such payments of principal and interest on such Series shall be made as provided in the operational arrangements of DTC as referred to in the Letter of Representations.

If the Bonds of any Series are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of such Bonds (if agreed to by the Committee)) to the Registered Owners of the Bonds of such Series at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal and premium, if any, of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners to the Bond Registrar.

Section 5. Redemption; Purchase; Notice; Cancellation.

(a) Optional and Mandatory Redemption. The Bond Sale Resolution for a Series shall designate which maturities of the Series, if any, are subject to optional and mandatory redemption, and shall further provide for the time, manner and price at which such Series of Bonds may be redeemed prior to their stated maturities. As long as the Bonds are held in book-entry only form, the selection of Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed shall be made in a random method determined by the Bond Registrar.

(b) Partial Redemption. Any Bond in the principal amount of greater than \$5,000 may be partially redeemed in any integral multiple of \$5,000. If the Bonds are no longer held in book-entry only form, then in such event, upon surrender of such Bond to the Bond Registrar, a new Bond or Bonds (at the option of the Registered Owner), of the same Series, date, maturity and interest rate and in the aggregate principal amount remaining unredeemed, in any denomination authorized by this resolution, shall be authenticated and delivered, without charge, to the Registered Owner thereof.

(c) Purchase. The State hereby reserves the right to purchase any or all of the Bonds offered for sale to the State at any time, at any price.

(d) Effect of Optional Redemption/Purchase. If the State redeems under the optional redemption provisions, purchases in the open market or defeases Term Bonds of a Series, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The State Treasurer shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its

allocation at least 60 days prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(e) Notice of Redemption. While the Bonds are held in book-entry only form, notice of redemption shall be given only in accordance with the operational arrangements then in effect at DTC, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form, the State shall cause notice of any such intended redemption (which redemption shall be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption) to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond Register on the day the notice is mailed, and the requirements of this sentence shall be deemed to be complied with when notice is mailed as herein provided, whether or not it is actually received by the Registered Owner. Additional notice of redemption may be sent at least 35 days before the redemption date to the MSRB and to such persons and with such additional information as the Deputy State Treasurer shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(f) Rescission of Optional Redemption Notice. In the case of an optional redemption, the notice of redemption may state that the State retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been given shall remain outstanding.

(g) Effect of Redemption. If the State shall have set aside on the date fixed for redemption sufficient money for the payment of Bonds called for redemption on the date fixed for redemption, the Bonds so called shall cease to accrue interest after such redemption date, and all such Bonds shall be deemed not to be outstanding hereunder for any purpose, except that the Registered Owners thereof shall be entitled to receive payment of the redemption price and accrued interest to the redemption date from the money set aside for such purpose.

(h) Cancellation of Bonds. All Bonds purchased or redeemed under this Section 5 shall be canceled.

#### Section 6. Security for Bonds.

(a) Pledge of Full Faith and Credit. The Bonds are general obligations of the State. The State, acting by and through the Committee, pledges its full faith and credit to the payment of the principal of and the interest on the Bonds and unconditionally promises to pay that principal and interest as the same shall become due.

(b) Pledge of Excise Taxes on Fuel and Vehicle-Related Fees. The principal and interest on the Bonds shall be first payable in the manner provided by the Bond Act from the proceeds of the state excise taxes on fuel imposed by Chapter 82.38 RCW and vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes. On behalf of the State and as a part of the contract of sale of the

Bonds, the proceeds of such excise taxes on fuel and vehicle-related fees are pledged to the payment of any Bonds and the interest thereon, and in the Bond Act the Legislature has agreed to continue to impose such excise taxes on fuel and vehicle-related fees in amounts sufficient to pay, when due, the principal and interest on all bonds issued under the authority of the Bond Act.

Any funds required to pay the Bonds authorized by the Bond Act or the interest thereon when due shall be taken from that portion of the Motor Vehicle Fund that results from the imposition of excise taxes on fuel and vehicle-related fees and that is distributed to the connecting Washington account in the Motor Vehicle Fund, and shall never constitute a charge against any other allocations of fuel tax and vehicle-related fee revenues to the State, counties, cities, and towns unless the amount arising from excise taxes on fuel and vehicle-related fees distributed to the connecting Washington account proves insufficient to meet the requirements for Bond retirement or interest on any such Bonds.

Any payments for bond retirement or interest on the Bonds taken from the fuel taxes and vehicle-related fees that are distributable to the State, counties, cities and towns shall be repaid from the first revenues from the fuel taxes and vehicle-related fees distributed to the connecting Washington account not required for bond retirement or interest on the Bonds.

The Bonds and any other general obligation bonds of the State that have been or that may be authorized and that pledge excise taxes on fuel for the payment of the principal and interest thereon shall be an equal charge against the revenues from such excise taxes on fuel. The Bonds and any other general obligation bonds of the State that have been or that may be authorized and that pledge vehicle-related fees for the payment of the principal and interest thereon shall be an equal charge against the revenues from such vehicle-related fees.

(c) Additional Means for Payment of Bonds. The Legislature may provide additional means for raising money for the payment of the principal of and interest on the Authorized Bonds, and the Bond Act shall not be deemed to provide an exclusive method for such payment.

#### Section 7. Deposits Into and Payments from Bond Fund and Specific Covenants.

(a) Repayment Procedure. On or before June 30 of each year, the Committee shall certify to the State Treasurer the amount required to pay principal of and interest on the Bonds in the next fiscal year; provided, however, that the percentage of receipts required in connection with the payments due prior to the start of the next fiscal year shall be estimated within 30 days following the date of sale of the Bonds. The State Treasurer, subject to the applicable provisions of the Bond Act, shall withdraw revenues from the Motor Vehicle Fund and deposit in the Bond Fund on or before each interest or principal and interest payment date such amounts as are required to pay debt service on such Bonds.

Any amounts received from the Federal government as credit payments with respect to Bonds issued as Tax-Advantaged Bonds shall be deposited in the Bond Fund.

Any surplus money in the Bond Fund may, in the discretion of the Committee, be used to redeem any bonds payable from the Bond Fund (subject to applicable bond covenants)

prior to scheduled maturities or may remain in the Bond Fund to reduce requirements upon the fuel tax and vehicle-related fees portions of the Motor Vehicle Fund.

Interest earnings on money in the Bond Fund shall remain in the Bond Fund and shall be used and applied to pay the principal and interest on the Bonds or other bonds payable from the Bond Fund.

(b) Accurate Records. The State shall maintain accurate records showing (i) all collections of fuel excise taxes levied pursuant to Chapter 82.38 RCW, (ii) all collections of vehicle-related fees imposed under Title 46 RCW that constitute license fees for motor vehicles required to be used for highway purposes and (iii) all payments made into and out of the Bond Fund, and such records shall be made available for inspection at any reasonable time by the holders of any of the Authorized Bonds.

(c) Transfers of Funds. On or before the date such payments are due from time to time, the State Treasurer shall pay to the Bond Registrar, from money in the Bond Fund, sums sufficient to pay the principal of and interest coming due on Bonds then outstanding. For purposes of this Section 7, principal of the outstanding Bonds shall be considered as coming due on their respective dates of maturity or, in the case of Term Bonds, on the dates and in the amounts scheduled for their mandatory redemption. The amount required to be deposited into the Bond Fund and paid to the Bond Registrar, for purposes of effecting the payment of the Bonds or the mandatory redemption of Term Bonds, is subject to reduction arising from the State's purchase or optional redemption of the Bonds in the manner described in Section 5 of this resolution.

Section 8. Enforcement of Rights. The Registered Owner of each Bond, or a trustee for the Registered Owners of any of the Bonds, may by mandamus or other appropriate proceeding require the transfer and payment of money as directed in the Bond Act and this resolution.

Section 9. Form of Bonds. The Bonds shall be prepared in a form consistent with the provisions of this resolution, the applicable Bond Sale Resolution and state law.

Section 10. Execution of Bonds. The Bonds shall be executed on behalf of the State by the facsimile or manual signatures of the Governor and the State Treasurer. A facsimile of the official seal of the State shall be imprinted or otherwise reproduced on the Bonds, and the facsimile is adopted as the seal of the State for the Bonds. If any officer who shall have signed or whose facsimile signature appears on any Bond shall cease to be that officer before that Bond shall have been actually authenticated or issued, that Bond, nevertheless, may be authenticated and issued and, upon such authentication and issue, shall be as binding upon the State as though that person had not ceased to be that officer. Any Bond may be executed on behalf of the State by an officer who, on the actual date of execution of the Bond, shall be the proper officer of the State, although on the date of the Bond that officer might not have held that office.

Section 11. Authentication and Delivery of Bonds by Bond Registrar. The Bond Registrar is authorized and directed, on behalf of the State, to authenticate and deliver the Bonds initially issued or transferred or exchanged in accordance with the provisions of the Bonds and this resolution. Only those Bonds bearing a Certificate of Authentication in the following form,



manually executed by an authorized representative of the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: “Certificate of Authentication. This Bond is one of the State of Washington [Name of Series], dated \_\_\_\_\_, 20\_\_\_, described in the Bond Resolution.” The Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered and are entitled to the benefits of this resolution. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

Section 12. Bond Registrar; Registration of Bonds.

(a) Registration Covenant. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The State covenants that, until all Bonds have been surrendered and canceled, it will maintain or cause to be maintained a system of recording the ownership of each Bond that complies with the provisions of Section 149(a) of the Code.

(b) Bond Registrar. The Bond Registrar shall keep, or cause to be kept, the Bond Register at its principal corporate trust office, which shall be open to inspection by the State at all times during regular business hours. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the State, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this resolution, to serve as the State’s paying agent for the Bonds and to carry out all of the Bond Registrar’s powers and duties under this resolution.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar’s Certificate of Authentication on the Bonds. The Bond Registrar may become either a Registered or Beneficial Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

(c) Registered Ownership. The State and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 20 of this resolution), and neither the State nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4 of this resolution, but the registration may be transferred as herein provided. All payments made as described in Section 4 shall be valid and shall satisfy and discharge the liability of the State upon the Bond to the extent of the amount or amounts so paid.

(d) DTC Acceptance/Letter of Representations. To induce DTC to accept each Series of Bonds as eligible for deposit at DTC, the State has executed and delivered to DTC the Letter of Representations.

Neither the State nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to each Series of Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on any Series of Bonds, any notice which is permitted or required to be given to Registered Owners under this resolution or a Bond Sale Resolution (except such notices as shall be required to be given by the State to the Bond Registrar or to DTC (or any successor depository), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Series of Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner of such Series for all purposes hereunder and under the respective Bond Sale Resolution, and all reference herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Series of Bonds.

(e) Use of Depository.

(i) Unless otherwise specified in a Bond Sale Resolution, the Bonds of each Series authorized herein shall be registered initially in the name of “Cede & Co.,” as nominee of DTC, with all Bonds maturing on the same maturity date and bearing the same interest rate in the form of a single certificate. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Committee pursuant to subsection (ii) below or such substitute depository’s successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Committee to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Committee may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a Series, together with a written request on behalf of the Committee, issue a single new Bond for each maturity of the Series of the immobilized Bonds then Outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Committee.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Committee determines that it is in the best interest of the Beneficial Owners of any Series of Bonds that owners of Bonds of that Series be able to obtain those bonds in the form of Bond certificates, the ownership of that Series of Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The

Committee shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds for that Series to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of that Series together with a written request on behalf of the Committee to the Bond Registrar, new Bonds of the same Series shall be issued in the appropriate denominations and registered in the names of those persons as are identified in such written request

(f) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any Bond shall be valid unless such Bond is surrendered to the Bond Registrar, with the assignment form appearing on such Bond duly executed by the Registered Owner or its duly authorized agent in a manner satisfactory to the Bond Registrar. Upon surrender of a Bond for transfer or exchange, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Bond or Bonds (at the option of the new Registered Owner) of the same Series, date, maturity and interest rate and for the same aggregate principal amount of the surrendered Bond, in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for the surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds, as appropriate, of the same Series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during the 15 days preceding any interest payment, principal payment or redemption date.

Section 13. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, lost, stolen or destroyed, the Bond Registrar shall, upon request of the State, authenticate and deliver a new Bond, as appropriate, of the same Series, date, interest rate and maturity and of like tenor and effect in substitution therefor, all in accordance with Law. If the lost, stolen or destroyed Bond has matured, the State, at its option, may pay the same without its surrender, in accordance with Law. However, no substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to the Bond Registrar of the destruction or loss of the original Bond and of its ownership and (b) such additional security, indemnity or evidence as may be required by the Committee. No substitute Bond shall be furnished until the applicant shall reimburse the State and the Bond Registrar for their respective expenses in the furnishing thereof. Each substitute Bond shall be equally and proportionately entitled to the security of this resolution with all other Bond or Bonds of the same Series, as appropriate, then outstanding. The State shall not be required to treat both the original Bond and any duplicate Bond as being outstanding for the purpose of determining the principal amount of Bonds which may be issued and outstanding hereunder, but both the original and the duplicate Bond shall be treated as one and the same.

Section 14. Defeasance. If money and/or “Government Obligations” (as defined in chapter 39.53 RCW, as now in existence or hereafter amended) maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient together with any money initially deposited, to provide for the payment of the principal of and interest on all or a designated portion of a Series of Bonds when due in accordance with their respective terms are set aside in a special fund

(hereinafter called the “trust account”) to effect such payment, and are pledged irrevocably in accordance with a refunding or defeasance plan adopted by the State for the purpose of effecting such payment, then no further payments need be made into the Bond Fund for the payment of principal of and interest on such Bonds, the Registered Owners thereof shall cease to be entitled to any lien, benefit or security of this resolution, except the right to receive payment of the principal of and interest on such Bonds when due in accordance with their respective terms from the money and the principal and interest proceeds on the Government Obligations set aside in the trust account, and such Bonds shall no longer be deemed to be outstanding hereunder.

#### Section 15. Sale of the Bonds.

(a) Methods of Sale of Bonds. The Deputy State Treasurer is hereby authorized to determine, for each Series of Bonds, whether such Bonds will be sold competitively at public sale or whether such Series will be sold by means of a negotiated sale to one or more Underwriters.

If the Deputy State Treasurer determines to sell Bonds at a public sale, [s]he shall: (i) establish the date of the public sale; (ii) establish the criteria by which the successful bidder will be determined; (iii) determine the amount, form and method of delivery of a good faith deposit to the State; (iv) cause notice of the public sale to be given; and (v) provide for such other matters pertaining to the public sale as [s]he deems necessary or desirable.

If the Deputy State Treasurer determines to sell Bonds by means of a negotiated sale, [s]he is authorized to solicit proposals for the selection of firms to serve as Underwriters for such Bonds and to negotiate the terms of a bond purchase contract for the sale of those Bonds.

(b) Adoption of Bond Sale Resolutions. The State Treasurer is authorized, on behalf of the Committee, to adopt a Bond Sale Resolution to approve the sale of a Series of the Bonds within the aggregate total amount of Bonds authorized by this resolution.

Provisions of the Bond Sale Resolution may include, without limitation, (i) provisions for the acceptance of offers to purchase the Bonds and provisions for the sale and delivery of the Bonds to the purchasers; (ii) provisions for the date or dates, price or prices, aggregate principal amount of the Series, principal amounts per maturity, delivery dates, and interest rate or rates (or mechanisms for determining the interest rate or rates); (iii) redemption provisions; and (iv) other terms and conditions required by or otherwise not inconsistent with the provisions of this resolution.

(c) Elections to Treat Bonds as Tax-Advantaged Bonds. If the State Treasurer determines that it is beneficial to the State for a Series of Bonds to be sold and issued as Tax-Advantaged Bonds, the Bond Sale Resolution shall include those elections and other provisions as may be required under the Code for the State to designate that Series of Bonds as Tax-Advantaged Bonds and may authorize other actions as are necessary or appropriate for the State to receive from the United States Treasury the applicable Federal Credit Payments or for the holders to receive the applicable tax credit in respect of those Bonds.

Section 16. Official Statement. To allow the initial Underwriters of the Bonds of each Series to comply with Section (b)(1) of the Rule, the Committee hereby authorizes the State

Treasurer or Deputy State Treasurer to execute a certificate “deeming final,” as of its date, the preliminary official statement to be prepared by the State in connection with the offering of each Series of Bonds. A preliminary official statement may be deemed final even though it omits information as to offering prices, interest rates, selling compensation, aggregate principal amounts, principal amount per maturity, maturity dates, options of redemption, delivery date, ratings and other terms of the Bonds that are dependent on such matters.

The Committee authorizes and approves the preparation, execution (which may be through a certificate) by the State Treasurer or Deputy State Treasurer and delivery to the Underwriter of a final official statement for the Bonds of each Series, in the form of the preliminary official statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the State Treasurer or Deputy State Treasurer. The Committee authorizes and approves the distribution by the Underwriters of the preliminary official statement to potential purchasers of the Bonds and the final official statement to purchasers of the Bonds.

Section 17. Delivery of Bonds. The proper State officials are authorized and directed to execute all documents and to do everything necessary, without unreasonable delay after each Bond Sale Resolution is adopted, for (a) the preparation and delivery of transcripts of proceedings pertaining to the Series of Bonds sold thereunder, and (b) the preparation, authentication and delivery of such Bonds, in definitive form, to the initial Underwriters thereof.

Each Series of Bonds will be prepared at the State’s expense and will be delivered to the initial Underwriters thereof in accordance with its offer to purchase the Bonds of such Series, with the approving legal opinion of Bond Counsel regarding each such Series.

Section 18. Disposition of Bond Proceeds. The proceeds from the sale of each Series of Bonds, together with all other money which the Committee may direct the State Treasurer to deposit therein, shall be deposited to the credit of the Project Account and shall be used exclusively to pay or reimburse prior expenditures made for costs of carrying out the purposes specified in the Bond Act, including the payment of costs of issuance.

The State reserves the right to amend the Bond Act and this resolution so as to provide different or additional purposes for which the proceeds from the sale of the Bonds may be used.

Section 19. Tax Covenants. The Committee on behalf of the State covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the Tax-Exempt Bonds and will take or require to be taken such acts as may be permitted by law and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Tax-Exempt Bonds. Without limiting the generality of the foregoing, the State will comply with Section 148 of the Code, will spend the proceeds of the Tax-Exempt Bonds with due diligence to completion of the purposes specified herein, will pay any required rebate or penalty (if permitted in lieu of loss of tax exemption) to the United States under Section 148(f) of the Code, and will not invest or make other use of the proceeds of the Tax-Exempt Bonds or of its other money or take such other intentional acts at any time during the term of the Tax-Exempt Bonds that will cause such Tax-Exempt Bonds to be arbitrage bonds within the meaning of

Section 148(a) of the Code. The State Treasurer may establish such accounts and/or subaccounts as the State Treasurer deems necessary to comply with this section.

The Committee on behalf of the State also covenants that the State will not take or permit to be taken on its behalf any action that would adversely affect the entitlement of the State to receive from the United States Treasury the applicable Federal Credit Payments in respect of Tax-Advantaged Bonds, or the entitlement of the Beneficial Owners to receive tax credits in respect of Tax-Advantaged Bonds.

Section 20. Undertaking to Provide Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the State's written undertaking for the benefit of the owners of each Series of the Bonds in order to assist the Underwriters in complying with Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data.

(i) *Annual Disclosure Report.* The State covenants and agrees that not later than seven months after the end of each fiscal year (the "Submission Date"), the State shall provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, an annual report (the "Annual Disclosure Report") that is consistent with the requirements of part (ii) of this subsection (b). The Annual Disclosure Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in part (ii) of this subsection (b); provided that any Audited Financial Statements (hereinafter defined) may be submitted separately from the balance of the Annual Disclosure Report and later than the Submission Date if such Audited Financial Statements are not available by the Submission Date. If the State's fiscal year changes, the State shall give notice of such change in the same manner as notice is to be given of the occurrence of an event listed in subsection (c) hereof, and if for any fiscal year the State does not furnish an Annual Disclosure Report to the MSRB by the Submission Date, the State shall send a notice to the MSRB.

(ii) *Content of Annual Disclosure Reports.* The State's Annual Disclosure Report shall contain or include by reference the following:

(A) *Audited Financial Statements.* Audited financial statements of the State prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as the same shall be amended from time to time, except that if any audited financial statements are not available by the Submission Date, the Annual Disclosure Report shall contain unaudited financial statements in a format similar to the audited financial statements most recently prepared for the State, and the State's audited financial statements shall be filed in the same manner as the Annual Disclosure Report when and if they become available;

(B) *Financial and Operating Data.* Historical financial and operating data for the State of the type included in the official statement for such Series; and

(C) *Amendments.* A narrative explanation of any reasons for any amendments to this undertaking made during the previous fiscal year and the effect of such amendments on the Annual Disclosure Report being provided.

Any or all of the items listed above may be included by specific reference to documents available to the public on the internet website of the MSRB or filed with the Commission. The State shall identify clearly each document so included by reference.

If not provided as part of the Annual Disclosure Report discussed above, the State shall provide the State's audited annual financial statements prepared in accordance with regulations prescribed by the State auditor when and if available to the MSRB.

(c) Listed Events. The State agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB notice of the occurrence of any of the following events with respect to the respective Series of Bonds (which may be amended if the Rule is amended prior to the Issue Date of any Series of Bonds): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of owners, if material; (8) Bond calls (other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856), if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing the repayment of the respective Series of Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the State, as such “Bankruptcy Events” are defined in the Rule; (13) the consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Solely for purposes of information, but without intending to modify this agreement, with respect to the notice regarding property securing the repayment of the Bonds, the State may state in its preliminary and final official statements for any Series that there is no

property securing the repayment of such Bonds nor, if applicable, are there any debt service reserves or credit enhancement or liquidity provider.

(d) Notice Upon Failure to Provide Financial Data. The State agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.

(e) Termination/Modification. The State's obligations to provide annual financial information and notices of listed events with respect to each Series of Bonds shall terminate upon the legal defeasance (if notice of such defeasance is given as provided above) or payment in full of all of the Bonds of such Series. This section, or any provision hereof, shall be null and void if the State (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies, in a timely manner, the MSRB of such opinion and the cancellation of this section. Notwithstanding any other provision of this resolution, the State may amend this section and any provision of this section may be waived, with an approving opinion of nationally recognized bond counsel to the effect that such amendment or waiver is permitted by the Rule.

In the event of any amendment of or waiver of a provision of this section, the State shall describe such amendment in the next Annual Disclosure Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the State. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a listed event under subsection (c), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(f) Owner's Remedies Under this Section. The right of the Registered Owners or any beneficial owner to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the State's obligations hereunder, and any failure by the State to comply with the provisions of this undertaking shall not be a default with respect to the Bonds under this resolution.

(g) Additional Information. Nothing in this section shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this section or any other means of communication, or including any other information in any Annual Disclosure Report or notice of occurrence of a listed event, in addition to that which is required by this section. If the State chooses to include any information in any Annual Disclosure Report or notice of the occurrence of a listed event in addition to that specifically required by this section, the State shall have no obligation under this resolution to update such information or to include it in any future Annual Disclosure Report or notice of occurrence of a listed event.



Section 21. Alternate Use of Bond Proceeds. Nothing in this resolution or the Bonds shall prevent the State from properly authorizing that the Bond proceeds may be expended for purposes other than provided in Section 2 of this resolution.

Section 22. Contract; Severability. The covenants contained in this resolution and in the Series of Bonds issued hereunder shall constitute a contract between the State and the Registered Owner of each Bond. If any one or more of the covenants or agreements provided in this resolution, to be performed by the State, shall be declared by any court of competent jurisdiction after final appeal (if any appeal be taken) to be contrary to law, then the covenant or covenants, agreement or agreements, shall be null and void, shall be deemed separable from the remaining covenants and agreements in this resolution and shall in no way affect the validity of the other provisions of this resolution, or of the Bonds.

Section 23. Filing of Resolution. The Deputy State Treasurer is directed to file with the State Treasurer, pursuant to RCW 39.42.100, a certified copy of this resolution immediately upon its adoption.

Section 24. Ratification. All actions heretofore taken by officers or staff of the Committee consistent with the terms of this resolution are ratified, approved and confirmed.

Section 25. Immediate Effect. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 8<sup>th</sup> day of August, 2019.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Duane A. Davidson  
State Treasurer and Chair

By \_\_\_\_\_  
Jay Inslee  
Governor and Member

By \_\_\_\_\_  
Cyrus Habib  
Lieutenant Governor and Member

ATTEST:

\_\_\_\_\_  
Jason P. Richter  
Deputy State Treasurer and Secretary

CERTIFICATE

I, Jason P. Richter, the duly appointed, qualified and acting Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1225 of such Committee, adopted at an open public meeting thereof held on this 8<sup>th</sup> day of August, 2019, 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: August 8, 2019.

---

Jason P. Richter, Secretary  
State Finance Committee



**State of Washington**  
**STATE FINANCE COMMITTEE**

**DUANE A. DAVIDSON**, Chairman  
State Treasurer

**JAY R. INSLEE**  
Governor

**CYRUS HABIB**  
Lieutenant Governor

August 8, 2019

**MEMORANDUM**

**TO:** The Honorable Duane A. Davidson  
The Honorable Jay R. Inslee  
The Honorable Cyrus Habib

**FROM:** Jason P. Richter  
Deputy State Treasurer

**RE: Proposed Resolution No. 1226** approves and establishes the maximum aggregate principal amount of financing contracts and certificates of participation of the State

Proposed Resolution No. 1226 approves and establishes the maximum aggregate principal amount of financing contracts and certificates of participation of the State to be outstanding in the 2019-21 Biennium at \$1,565,374,168. This total includes (as of August 8, 2019):

- \$869,996,168 in outstanding financing contracts;
- \$258,805,000 in outstanding 63-20 financing leases; and
- an estimated \$436,573,000 in financing contracts to be entered into and certificates of participation to be issued during the 2019-21 Biennium

Of the financing contracts expected to be entered into over the 2019-21 Biennium, \$236,573,000 represent financing contracts authorized by the Legislature for State agencies, and \$200,000,000 represents the estimated State and local agency equipment and local agency real estate financing contracts for the Biennium.

Resolution No. 1226 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.

• **Counsel and Advisors.**

Bond Counsel: William Tonkin, Foster Pepper PLLC  
Financial Advisor: Robert Shelley, Piper Jaffray & Co  
Chia-Jung Yang, Montague DeRose and Associates LLC

**Office of the State Treasurer**

Legislative Building, P.O. Box 40200 • Olympia, Washington 98504-0200 • (360) 902-9000  
TTY CALL 711 • FAX (360) 902-9045 • Home Page <http://www.tre.wa.gov>

**EXECUTION VERSION**

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1226

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON APPROVING AND ESTABLISHING A FINANCE PLAN AND MAXIMUM PRINCIPAL AMOUNT OF FINANCING CONTRACTS AND CERTIFICATES OF PARTICIPATION OF THE STATE FOR THE 2019-21 BIENNIUM.

ADOPTED: AUGUST 8, 2019

**Table of Contents**

Section 1. Definitions.....1

Section 2. Approval of Finance Plan for State Financing Contracts and Certificates of Participation for the 2019-21 Biennium .....1

Section 3. Approval of Maximum Principal Amount of State Financing Contracts and Certificates of Participation for the 2019-21 Biennium.....2

Section 4. Filing of Resolution .....3

Section 5. Ratification.....3

Section 6. Effective Date .....4

Exhibit 1 – Legislatively Authorized State Agency Financing Contracts

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1226

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON APPROVING AND ESTABLISHING A FINANCE PLAN AND MAXIMUM PRINCIPAL AMOUNT OF FINANCING CONTRACTS AND CERTIFICATES OF PARTICIPATION OF THE STATE FOR THE 2019-21 BIENNIUM.

WHEREAS, the State Finance Committee (the “Committee”) of the State of Washington (the “State”) is charged with oversight of financing contracts entered into by the State (RCW 39.94.040); and

WHEREAS, from time to time the Office of the State Treasurer, as staff to the Committee, reports on prior usage of financing contracts and presents proposed finance plans for state financing contracts and the issuance of certificates of participation therein pursuant to Chapter 39.94 RCW; and

WHEREAS, the Committee is required from time to time to establish the maximum aggregate principal amount of state financing contracts to be outstanding under Chapter 39.94;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE ACTING FOR AND ON BEHALF OF THE STATE OF WASHINGTON, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this resolution and of any resolution supplemental hereto, have the meanings specified; words importing the singular number include the plural number and vice versa:

**2019-21 Biennium** means the two-year period beginning July 1, 2019 through June 30, 2021.

**Committee** means the State Finance Committee of the State, or any successor thereof.

**Laws** means the statutes of the State.

**Legislature** means the Legislature of the State.

**State** means the State of Washington.

Section 2. Approval of Finance Plan for State Financing Contracts and Certificates of Participation for the 2019-21 Biennium. The Office of State Treasurer has proposed and the Committee hereby approves a finance plan for State financing contracts and issuance by the State

of certificates of participation therein for the 2019-21 Biennium having the following components:

(a) *Financing Contracts Authorized by the Legislature for State Agencies.* In Section 7002 of SHB 1102 (the 2019-21 State capital budget) and Section 702 of ESHB 1160 (the 2019-21 State transportation budget), the Legislature has authorized certain state agencies to enter into financing contracts for the acquisition of real property projects in a total principal amount of \$236,573,000, plus financing expenses and required reserves, as summarized in Exhibit 1.

(b) *Financing Contracts for State and Local Agency Equipment and Local Agency Real Estate.* In addition to the \$236,573,000 of financing contracts authorized by the Legislature for the state agencies described in Section 2(a), it is expected that the State will enter into financing contracts for the acquisition of equipment for state and local agencies and for the acquisition of real property projects for local agencies during the 2019-21 Biennium in an estimated aggregate total principal amount of \$200,000,000, plus financing expenses and required reserves.

(c) *Estimated Aggregate Total Financing Contracts to be Entered Into and Certificates of Participation to be Issued During 2019-21 Biennium.* As described in Section 2(a) and (b) above, the aggregate total principal amount of financing contracts expected to be entered into and certificates of participation therein expected to be issued during the 2019-21 Biennium is estimated to be not more than \$436,573,000, plus financing expenses and required reserves.

(d) *Maximum Aggregate Total Outstanding Financing Contracts.* The estimated maximum aggregate total of financing contracts of the State expected to be outstanding in the 2019-21 Biennium is as follows:

Outstanding certificates of participation as of August 8, 2019	\$869,996,168
Outstanding 63-20 financing leases (Wheeler & Tumwater Office Projects)	258,805,000
Anticipated additional financing contracts (2019-21 Biennium)	436,573,000
Total	\$1,565,374,168

Section 3. Approval of Maximum Principal Amount of State Financing Contracts and Certificates of Participation for the 2019-21 Biennium. Pursuant to RCW 39.94.040:

(a) Based upon the finance plan for financing contracts and certificates of participation described in and approved by Section 2 of this resolution, the maximum aggregate total principal amount of financing contracts (including certificates of participation therein) of the State is approved and established at \$1,565,374,168, plus financing expenses and required reserves; and

(b) Any refinancing contract (including issuance of refunding certificates of participation therein) to be entered into for the purpose of achieving interest cost savings in



accordance with the Committee's Debt Issuance Policy's savings threshold is approved, irrespective of its stated principal amount or date of execution.

Section 4. Filing of Resolution. The Deputy State Treasurer is directed to file with the State Treasurer, pursuant to RCW 39.42.100, a certified copy of this resolution immediately upon its adoption.

Section 5. Ratification. All actions heretofore taken by officers or staff of the Committee consistent with the terms of this resolution are ratified, approved and confirmed.

*[remainder of page intentionally left blank]*

Section 6. Effective Date. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 8<sup>th</sup> day of August, 2019.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Duane A. Davidson  
State Treasurer and Chair

By \_\_\_\_\_  
Jay Inslee  
Governor and Member

By \_\_\_\_\_  
Cyrus Habib  
Lieutenant Governor and Member

ATTEST:

\_\_\_\_\_  
Jason P. Richter,  
Deputy State Treasurer and Secretary

## EXHIBIT 1

### LEGISLATIVELY AUTHORIZED STATE AGENCY FINANCING CONTRACTS

#### *2019-21 Capital Budget, Chapter 413, Laws of 2019 (SHB 1102)*

<u>Agency</u>	<u>Authorization Section</u>	<u>Authorized Amount*</u>
Secretary of State	7002(3)	\$103,143,000
Washington State Patrol	7002(4)	7,450,000
Department of Social and Health Services	7002(5)	3,600,000
Department of Fish and Wildlife	7002(6)	3,099,000
Department of Natural Resources	7002(7)	1,800,000
Western Washington University	7002(8)	9,950,000
State Board for Community and Technical Colleges on behalf of:		
Columbia Basin Community College	7002(9)(a)	27,000,000
Pierce College Puyallup	7002(9)(b)	2,831,000
Walla Walla Community College	7002(9)(c)	1,500,000
Walla Walla Community College	7002(9)(d)	6,500,000
Wenatchee Valley College	7002(9)(e)	4,500,000
Yakima Valley Community College	7002(9)(f)	22,700,000
Everett Community College	7002(9)(g)	10,000,000
<b>Capital Budget Total</b>		<b>\$204,073,000</b>

#### *2019-21 Transportation Budget, Chapter 416, Laws of 2019 (ESHB 1160)*

<u>Agency</u>	<u>Authorization Section</u>	<u>Authorized Amount*</u>
Department of Transportation	702(2)	\$ 32,500,000
<b>Transportation Budget Total</b>		<b>\$ 32,500,000</b>

#### **Total Authorized Financing Contracts in the Capital and Transportation Budgets**

\$236,573,000

\* In each case, plus financing expenses and required reserves.

CERTIFICATE

I, Jason P. Richter, the duly appointed, qualified and acting Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1226 of such Committee, adopted at an open public meeting thereof held on this 8<sup>th</sup> day of August, 2019, 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: August 8, 2019.

---

Jason P. Richter, Secretary  
State Finance Committee



**DUANE A. DAVIDSON**, Chairman  
State Treasurer

**JAY R. INSLEE**  
Governor

**CYRUS HABIB**  
Lieutenant Governor

**State of Washington**  
**STATE FINANCE COMMITTEE**

August 8, 2019

**MEMORANDUM**

**TO:** The Honorable Duane A. Davidson  
The Honorable Jay R. Inslee  
The Honorable Cyrus Habib

**FROM:** Jason P. Richter  
Deputy State Treasurer

**RE: Market and Bond Sales Update**

*Sale Update.* Since the last State Finance Committee market and bond sale update on November 13, 2018, the State has sold two series of bonds and three series of certificates of participation (COPs) as summarized in the table below (Table 1).

**Table 1 – Issuance since November 13, 2018**

*February 5, 2019 -- Bond Sale*

Series Name	Series	Par Amount	Delivery Date	Final Maturity	Avg. Life (yrs)	TIC
VP GO Bonds, Series 2019C	2019C	\$466,920,000	2/20/2019	2/1/2044	15.386	3.54%
MVFT GO Bonds, Series 2019D	2019D	171,570,000	2/20/2019	6/1/2044	15.756	3.56%

\$638,490,000

*January 23, 2019 -- Certificates of Participation Sale*

Series Name	Series	Par Amount	Delivery Date	Final Maturity	Avg. Life (yrs)	TIC
State of WA COP, LP_2019A	LP_2019A	\$53,400,000	2/13/2019	1/1/2039	7.301	2.87%

*June 4, 2019 -- Certificates of Participation Sale*

Series Name	Series	Par Amount	Delivery Date	Final Maturity	Avg. Life (yrs)	TIC
State of WA COP, LP_2019B	LP_2019B	\$64,940,000	6/24/2019	7/1/2044	9.806	2.66%
State of WA COP, LP_2019C (Taxable)	LP_2019C	2,025,000	6/24/2019	7/1/2025	3.582	2.31%

\$66,965,000

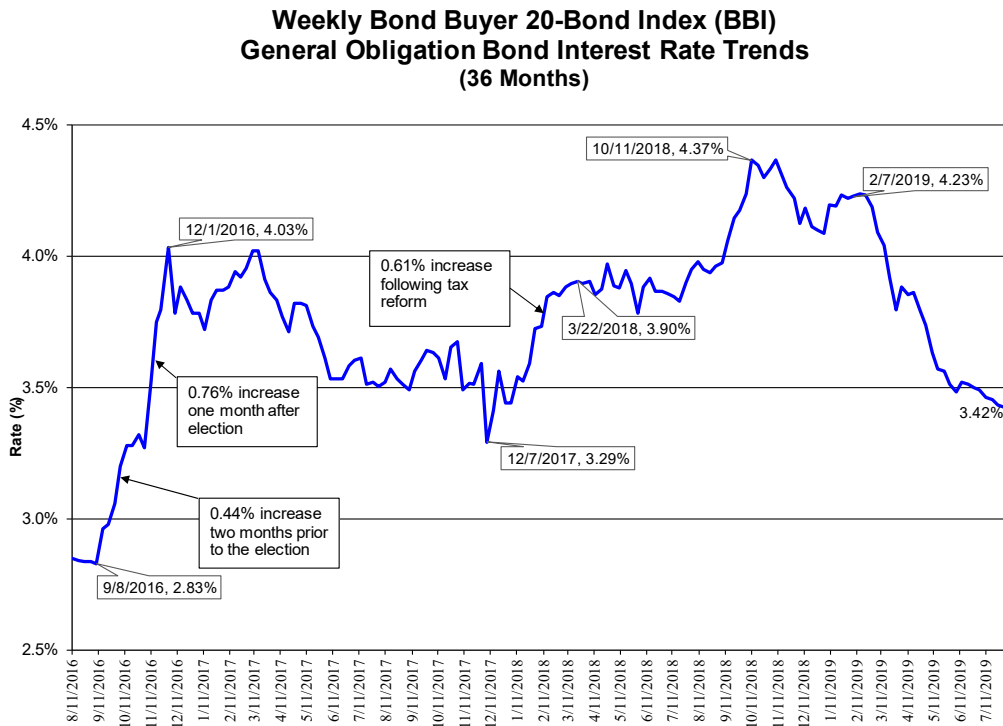
*Future Issuances.* OST anticipates that the State will issue approximately \$510 million of Various Purpose General Obligation (G.O.) Bonds, \$230 million of Motor Vehicle Fuel Tax and Vehicle Related Fees G.O. Bonds, \$92 million Various Purpose G.O. Refunding Bonds, and \$53 million of Motor Vehicle Fuel Tax G.O. Refunding Bonds in the fall of 2019. In addition, OST anticipates that the State will issue approximately \$102.87 million of COPs in the fall of 2019. The actual size and timing of these issuances will be dependent upon cash-flow needs and market conditions.

**Office of the State Treasurer**

Legislative Building, P.O. Box 40200 • Olympia, Washington 98504-0200 • (360) 902-9000  
TTY CALL 711 • FAX (360) 902-9045 • Home Page <http://www.tre.wa.gov>

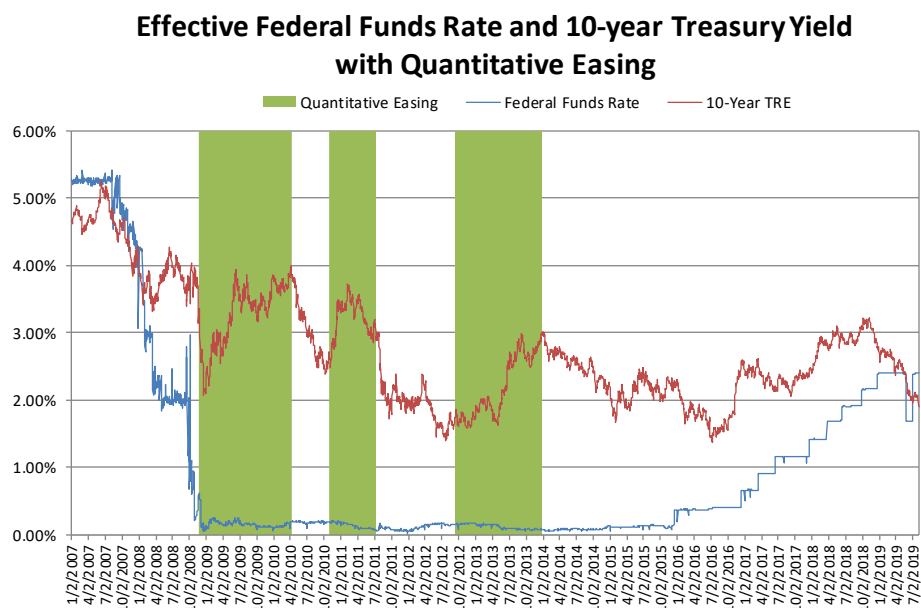
*Market Update.* The current Bond Buyer 20-Bond Index (BBI) now stands at 3.42% (as of August 1, 2019), which is 95 bps lower than the October 2018 recent high of 4.37% and 81 bps lower than on February 5, 2019, when the State last sold GO bonds. The chart below shows the BBI over the last three years (Chart 1).

**Chart 1**



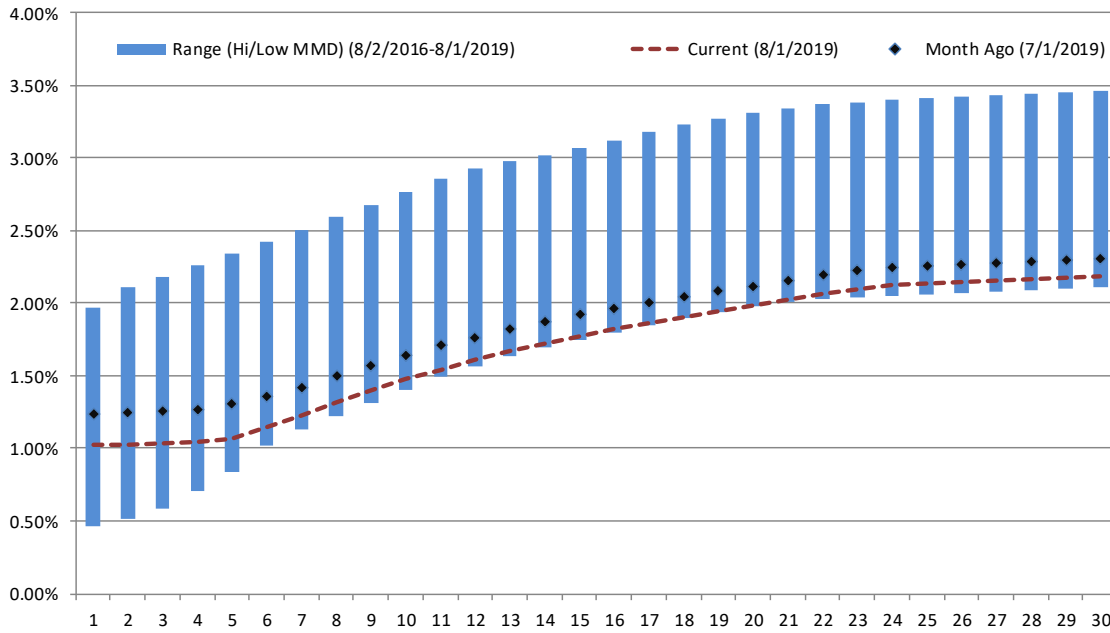
The recent decreases in interest rates, can also be seen in the 10-year Treasury Yield, which has fallen significantly since October 2018 (Chart 2). The Federal Reserve’s federal funds rate, which had seen significant increases since 2015, was reduced by 0.25% on August 1, 2019, its first reduction since December 2008.

**Chart 2**



**Chart 3**

**Tax-exempt Yield Curve\***  
**Current and High/Low Yield Curves**

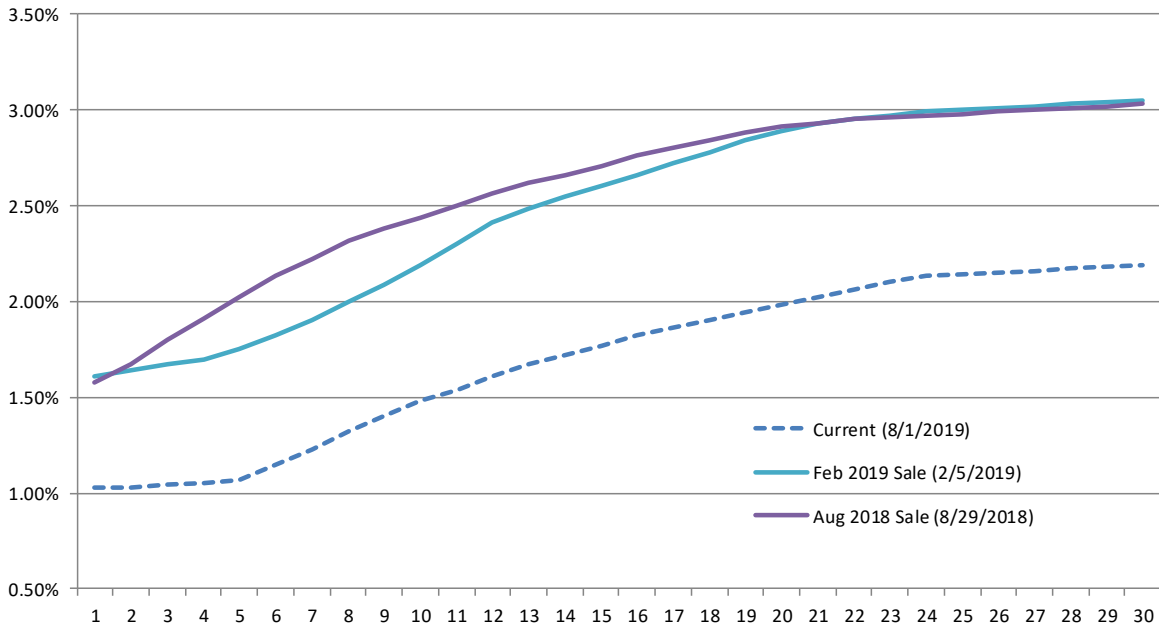


\*"AAA" GO MMD (Municipal Market Data).

The tax-exempt yield curve has decreased over the last year, with all rates, expected the shorter ones, close to their twelve month low (Charts 3 and 4).

**Chart 4**

**Tax-exempt Yield Curve\***  
**Current Yield Curve and Yield Curves from Recent Sales**



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