
Washington State School District Credit Enhancement Program Official Statement Disclosure

Rev. April 18, 2019



SCHOOL DISTRICTS WITHOUT CERTIFICATE OF ELIGIBILITY

COVER LANGUAGE – PRELIMINARY OFFICIAL STATEMENT

A school district that has submitted a Request for Certificate of Eligibility, but has not yet been advised of its approval, may only include the following language on the cover of the Preliminary Official Statement:

Ratings: WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM: applied for

In the cover text:

*Application has been made to the State of Washington requesting approval of a Certificate of Eligibility under the
WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.*

SCHOOL DISTRICTS WITH CERTIFICATE OF ELIGIBILITY

COVER LANGUAGE – PRELIMINARY OFFICIAL STATEMENT

A school district that has received a Certificate of Eligibility may include the following language on the cover of the Preliminary Official Statement:

If Ratings are on front cover:

Rating with State Guarantee: _____ (See Appendix ____ — “WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.”)

If Ratings are not on front cover:

Ratings: See Appendix ____ — “WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.”

In the cover text:

Payment of principal of and interest on the Bonds when due is guaranteed by the full faith, credit, and taxing power of the

STATE OF WASHINGTON

under the provisions of the Washington State School District Credit Enhancement Program. See Appendix _____ attached hereto and titled “WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.”

COVER LANGUAGE – OFFICIAL STATEMENT

A school district that has received a Certificate of Eligibility and issued bonds under the Certificate may include the following language on the cover of its Official Statement:

If Ratings are on front cover:

Rating with State Guarantee: _____ (See Appendix ____ — “WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.”)

If Ratings are not on front cover:

Ratings: See Appendix ____ — “WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.”

In the cover text:

Payment of principal of and interest on the Bonds when due is guaranteed by the full faith, credit, and taxing power of the

STATE OF WASHINGTON

under the provisions of the Washington State School District Credit Enhancement Program. See Appendix _____ attached hereto and titled “WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.”

BODY OF OFFICIAL STATEMENT

Under the heading “Security for the Bonds” or comparable section of the Preliminary Official Statement and the Official Statement, the following language shall be used:

Payment of principal of and interest on the Bonds when due is guaranteed by the full faith, credit and taxing power of the STATE OF WASHINGTON under the provisions of the Washington State School District Credit Enhancement Program, as described in Appendix _____—“WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM.”

The following may be added to the Ongoing Disclosure section:

See Appendix _____—“WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM” for a description of the State of Washington’s School Bond Guarantee Program Undertaking and compliance with the State’s prior undertakings under SEC Rule 15c2-12.

STATE SCHOOL BOND GUARANTEE PROGRAM APPENDIX

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM

The following information has been furnished by the State of Washington for use in this Official Statement. The issuer of the bonds offered pursuant to this Official Statement (the "Offered Bonds") makes no representation as to the accuracy or the completeness of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Definitions

"Act" means the Washington State School District Credit Enhancement Program Act, chapter 39.98 Revised Code of Washington.

"Program" means the Washington State School District Credit Enhancement Program established by the Act.

"Program Bond" means any validly issued voted general obligation bond issued by a school district, holding a certificate issued pursuant to the Act for such a bond.

"State" means the State of Washington.

Program Provisions

Article VIII, section 1(e) of the Constitution of the State and the Act allow the State to guarantee any voted general obligation bonds issued by a school district. Payment of the principal of and interest on Program Bonds when due is guaranteed by the full faith, credit and taxing power of the State under the provisions of the Act. The Act provides as follows:

The full faith, credit, and taxing power of the State is pledged to guarantee full and timely payment of the principal of and interest on Program Bonds as such payments become due. However, in the event of any acceleration of the due date of the principal by reason of mandatory redemption or acceleration resulting from default, the payments guaranteed shall be made in the amounts and at the times as payments of principal would have been due had there not been any acceleration. The State guarantee does not extend to the payment of any redemption premium.

The Act further provides that the State pledges to and agrees with the owners of any Program Bonds that the State will not alter, impair, or limit the rights vested by the Program with respect to the Program Bonds until the Program Bonds, together with applicable interest, are fully paid and discharged. However, an alteration, impairment, or limitation of such rights is not precluded if full provision is made by law for the payment of the Program Bonds.

Program Procedures

In accordance with applicable law, each school district with outstanding, unpaid Program Bonds is required to levy property taxes approved by the voters for repayment of the Program Bonds and certify the taxes to the County Assessor. In accordance with applicable law, the County Treasurer for each school district with outstanding, unpaid Program Bonds is required to collect property taxes approved by the voters for repayment of the Program Bonds.

Under the Act, the County Treasurer is required to transfer money sufficient for each scheduled debt service payment to the paying agent on or before any principal or interest payment date for the Program Bonds.

A County Treasurer who is unable to transfer to the paying agent funds required to make any scheduled debt service payments on the Program Bonds on or prior to the payment date is required to immediately provide notice to the State Treasurer and to the paying agent. If sufficient funds are not transferred to the paying agent at the time required to make a scheduled debt service payment on the Program Bonds, the paying agent is required to immediately notify the State Treasurer.

Pursuant to the Act, the State legislature is required to appropriate, in each and every biennial appropriations act, such amount as may be required to make timely payment on the Program Bonds. If sufficient money to make any scheduled debt service payment on the Program Bonds has not been transferred to the paying agent in a timely manner, the State Treasurer is required to transfer sufficient money to the paying agent for such payment and the paying agent is required to make such scheduled debt service payment.

Each school district is responsible for paying in full the principal of and interest on its Program Bonds. The State Treasurer is required to recover from the school district any funds paid by the State on behalf of that school district under the Program. A payment by the State Treasurer discharges the obligation of the school district to its Program Bond owners for the payment, but does not retire any Program Bond that has matured. The terms of that Program Bond remain in effect until the State is repaid. Any such payment by the State transfers the rights represented by the general obligation of the school district from the Program Bond owners to the State.

If the State has made all or part of a debt service payment on behalf of a school district that has issued Program Bonds, the State Treasurer may (a) direct the school district and the County Treasurer to restructure and revise, to the extent permitted by law, the collection of excess levy taxes for the payment of Program Bonds on which the State Treasurer has made payments under the Act to the extent necessary to obtain repayment to the State Treasurer; and (b) require, to the extent permitted by law, that the proceeds of such taxes be applied to the school district's obligations to the State if all outstanding obligations of the school district payable from such taxes are fully paid or their payment is fully provided for.

A summary of key statistics and other information regarding the Program is included in Appendix A of each Official Statement published by the State periodically throughout the year. The most recently published Official Statement may be obtained by accessing the links to the State's Electronic Municipal Market Access ("EMMA") issuer page available on the State Treasurer's "Debt Management – State Debt Information" webpage under "Continuing Disclosure": <https://tre.wa.gov/home/debt-management/debt-information/#toggle-id-4>. Links to currently-available Preliminary Official Statements for upcoming bond and certificate sales are available at: <https://tre.wa.gov/home/debt-management/investor-information/official-statements-bonds/>. Information on those webpages other than the links to the Preliminary Official Statements and final Official Statements are not incorporated by reference. The information in those linked documents speaks only of those documents' respective dates and no representation is made that the information has not changed between those posting dates and the date of this Appendix.

Program Contact Person

Requests for information regarding the Program may be directed to:

**School Bond Guarantee Program
Office of the State Treasurer
Legislative Office Building 2nd Floor
P.O. Box 40200
Olympia, WA 98504 0200
Phone: (360) 902-9000 Fax: (360) 902-9045**

State of Washington - Financial and Operating Information

The State's most recent audited financial statements and the financial and operating information relating to the State included in the most recent official statement for the State's general obligation debt are on file with the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB, and are incorporated by this reference in this official statement. Currently, the State's latest audited financials and historical financial and operating information may be found on the EMMA website under base-6 CUSIP number 93974D. The State's financial statements and official statement are dated and speak only as of their respective dates.

Except as provided in a written Continuing Disclosure Agreement, the State does not undertake to update this information. Ongoing updates of information will be available on EMMA by searching the base-6 CUSIP number provided above (or such other base-6 CUSIP numbers as may be assigned to general obligation debt of the State in the future).

State of Washington - Continuing Disclosure

The State has executed a master Continuing Disclosure Certificate (the “School Bond Guarantee Program Undertaking” or “SBGP Undertaking”) as an obligated person with respect to bonds guaranteed through the Program, including the Offered Bonds. A copy of the State’s SBGP Undertaking is attached [on the following page][as Appendix ___].

State’s Compliance with Prior State Undertakings. Except as described below, the State has not identified any failure within the past five years to comply in any material respect with its prior undertakings. In the filing of financial statements and operating data pertaining to the fiscal year ended June 30, 2017, with respect to an outstanding issue of lease revenue bonds for which the State is an obligated person, the State’s timely annual filing was not linked to the CUSIP numbers of two maturities of those bonds.

The State also notes that with respect to its SBGP Undertaking, it has historically relied upon filings linked to the CUSIP numbers of its general obligation bonds to satisfy its prior State Undertakings, but has since determined to amend its procedures to begin linking its filings to the CUSIPs for Program Bonds.

The State also notes that, with respect to compliance with filing requirements for events described in clauses (15) and (16) under Securities and Exchange Commission Rule 15c2-12, as amended, which became effective for continuing disclosure agreements executed on or after February 27, 2019, the State has implemented procedures to identify these events and make timely filings, which procedures rely on interpretations of the new regulations that it believes to be reasonable. However, due to the evolving nature of interpretation of these new events, the State’s representation regarding compliance with these new events is limited to and is based solely on its reasonable interpretation of the new regulation.

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM
CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “School Bond Guarantee Program Undertaking” or “SBGP Undertaking”) is made by the State of Washington, acting by and through its State Treasurer (the “State”), as an obligated person with respect to the Program Bonds, for the benefit of the holders of the Program Bonds in accordance with paragraph (b)(5) of Securities and Exchange Commission (the “SEC”) of Rule 15c2-12 promulgated by the under the Securities Exchange Act of 1934, as amended (the “Rule”).

Annual Disclosure Report. The State hereby covenants and agrees that not later than seven months after the end of each State fiscal year (the “Submission Date”) until the Offered Bonds are no longer outstanding, the State shall provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board (the “MSRB”), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB, an annual report (the “Annual Disclosure Report”), which shall consist of:

- (1) Audited financial statements of the State for such State fiscal year prepared (except as noted therein) in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as such principles may be changed from time to time, except that if the audited financial statements are not available by the Submission Date, the Annual Disclosure Report 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; and
- (2) Historical financial and operating data for the State of the type set forth in Appendix A to the most recently posted Official Statement for bonds issued by the State, which is regularly updated and may involve adding additional financial and operating data, displaying data in a different format, or eliminating data that are no longer material.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the Internet website of the MSRB or filed with the SEC. The State will clearly identify each document so included by reference. The MSRB makes continuing disclosure information submitted to it publicly available on the Internet on its Electronic Municipal Market Access (“EMMA”) system website.

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

The State’s fiscal year currently ends on June 30. If the State’s fiscal year changes, the State may adjust the Submission Date by giving notice of the change in the same manner as notice is to be given of the occurrence of a Listed Event described below.

The State agrees to provide or cause to be provided to the MSRB, in a timely manner, notice of its failure to provide the Annual Disclosure Report on or prior to the Submission Date.

State Listed Events. The State further agrees to provide or cause to be provided to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of either of the following two listed events:

- (15) Incurrence of a financial obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect Bond holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the State, 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” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Additional Information. Nothing in this SBGP Undertaking shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this SBGP Undertaking or any other means of communication, in addition to that which is required by this SBGP Undertaking. If the State chooses to include any information in addition to that specifically required by this SBGP Undertaking, the State shall have no obligation to update such information.

Limitation on Scope of SBGP Undertaking. Notwithstanding anything expressed or implied to the contrary herein, the State makes no undertaking to provide disclosure of financial information or operating data or notice of any events on behalf of or with respect to school districts participating in the Program. Any such information is to be provided according to the terms of separate continuing disclosure undertakings executed and delivered by such school districts. The State is not responsible for the adequacy, accuracy, or timeliness of such information, and any failure by a school district to comply with its undertaking shall not constitute a failure by the State to comply with its SBGP Undertaking.

Amendment. The State may amend this SBGP Undertaking without the consent of any holder of any Program Bond (including the Offered Bonds) or any other person or entity under the circumstances and in the manner permitted by the Rule. The State shall give notice to the MSRB of the substance of any such amendment, including a brief statement of the reasons therefor. If the amendment changes the type of Annual Disclosure Report to be provided, the Annual Disclosure Report containing the amended financial information shall include a narrative explanation of the effect of that change on the type of information to be provided (or in the case of a change of accounting principles, the presentation of such information). In addition, in the event of a change in the accounting principles to be followed in preparing financial statements, 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.

Termination. The State’s obligations under this SBGP Undertaking shall terminate upon the legal defeasance, prior prepayment, or payment in full of all of the Offered Bonds. This SBGP Undertaking, 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 SBGP Undertaking, or such any such provision, have been repealed retroactively or otherwise do not apply to the Program Bonds, and (2) notifies the MSRB of such opinion and the cancellation of this SBGP Undertaking.

Beneficiaries. The right to enforce the provisions of this SBGP Undertaking shall be limited to a right to obtain specific performance of the State’s obligations hereunder, and any failure by the State to comply with the provisions of this SBGP Undertaking shall not be a default with respect to the Offered Bonds or any other Program Bonds. This SBGP Undertaking inures to the benefit of the State and the issuer, any underwriter, and any holder of the Program Bonds, and does not inure to the benefit of or create any rights in any other person.

Washington State School District Credit Enhancement Program Bond Legend



BOND LEGEND

A school district that has received a valid Certificate of Eligibility and issued bonds under the Certificate shall include the following language on the face of the school district's bond(s):

WASHINGTON STATE SCHOOL DISTRICT CREDIT ENHANCEMENT PROGRAM

Payment of principal of and interest on this bond, when due, is guaranteed by the full faith, credit and taxing power of the STATE OF WASHINGTON under the provisions of the Washington State School District Credit Enhancement Program.