

**STATE FINANCE COMMITTEE**

**OLYMPIA, WASHINGTON**

**RESOLUTION NO. 1117**

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON PROVIDING FOR THE ISSUANCE OF BONDS OF THE STATE FOR THE PURPOSE OF PROVIDING FUNDS TO PAY AND REIMBURSE STATE EXPENDITURES FOR ELIGIBLE TOLL FACILITIES IDENTIFIED IN THE BOND ACT; PROVIDING FOR CERTAIN TERMS AND COVENANTS OF THE BONDS; PROVIDING FOR CERTAIN OTHER PROVISIONS SAFEGUARDING THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS; AND AUTHORIZING AND DIRECTING THE SALE OF THE BONDS IN ONE OR MORE SALES.

ADOPTED: SEPTEMBER 29, 2011

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WHEREAS, the Legislature of the State of Washington (the "State"), pursuant to Chapter 122, Laws of 2008; Chapter 472, Laws of 2009; Chapter 248, Laws of 2010; and Chapter 377, Laws of 2011, of the State (hereinafter further defined as the "Toll Facilities Act"), has delegated to the State Transportation Commission, the delegated tolling authority for the State (the "Tolling Authority"), the legal power to set, review and adjust toll rates on eligible toll facilities identified by the Legislature and on which the Legislature has authorized the imposition of tolls; and

WHEREAS, pursuant to the Toll Facilities Act, the Legislature has specifically identified and designated an eligible toll facility and authorized the issuance of bonds for the financing of the eligible toll facility that are payable from and secured by a pledge of toll revenue, and the Legislature agreed, for the benefit of the owners of outstanding bonds issued by the State for eligible toll facilities, to continue in effect and not to impair or withdraw the authorization of the Tolling Authority to fix and adjust tolls as provided in the Toll Facilities Act, and directed the State Finance Committee (the "Committee") to pledge the State's obligation to impose and maintain tolls, together with the application of toll revenue as described in the Toll Facilities Act, to owners of those bonds; and

WHEREAS, pursuant to the Toll Facilities Act, the Legislature designated that portion of State Route 520 between its junctions with Interstate 5 and State Route 202 (the "SR 520 Corridor") as an eligible toll facility and has authorized the imposition of tolls for travel on the floating bridge portion of the SR 520 Corridor; and

WHEREAS, the Tolling Authority has set tolls on the SR 520 Corridor as authorized by the Legislature; and

WHEREAS, pursuant to Chapter 498, Laws of 2009; and Chapter 377, Laws of 2011, of the State (hereinafter further defined as the "Bond Act"), the Legislature has authorized the

issuance by the Committee of certain bonds, to provide funds necessary for the location, design, right-of-way, and construction of the SR 520 Corridor program; and

WHEREAS, the Committee is authorized by Chapter 39.42 RCW to provide for the issuance and sale of the Bonds; and

WHEREAS, by the adoption of this Master Resolution, the Committee intends to establish protective covenants for the benefit of owners of Bonds and to provide the financial framework required for the payment of and security for all Bonds issued and sold under this Master Resolution as authorized in the Toll Facilities Act and 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:

**Article I**  
**DEFINITIONS AND RULES OF CONSTRUCTION**

**Section 1.01 Definitions**

Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this Master Resolution and of any resolution supplemental hereto, have the meanings specified:

*“Accounting Principles”* means generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, as the same shall be amended from time to time.

*“Accreted Value”* means (1) with respect to any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Bond Sale Resolution as the amount representing the initial principal amount of those Capital Appreciation Bonds or Convertible Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (2) with respect to any Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of those Original Issue Discount Bonds plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Bond Sale Resolution authorizing the issuance of the applicable Capital Appreciation Bonds, Convertible Capital Appreciation Bonds or Original Issue Discount Bonds.

*“Additional Eligible Toll Facilities”* means any Eligible Toll Facilities other than the SR 520 Corridor that the Legislature authorizes to be added to, grouped with or otherwise constituted as a part of the System in accordance with this Master Resolution.

*“Annual Debt Service”* means for any Fiscal Year the sum (without duplication) of the aggregate amount of principal and interest scheduled to become due and payable in that Fiscal Year on all Bonds then Outstanding (by scheduled maturity, mandatory redemption or otherwise), less any amounts of that principal or interest to be paid during that Fiscal Year from (1) the proceeds of Bonds, or (2) money or Government Obligations (as defined in Article X) set

aside in a special fund and pledged irrevocably for the purpose of paying that principal or interest pursuant to Article X; provided that if a Hedge Facility has been entered into with respect to any Bond, interest on that Bond shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on those Bonds at the rate or rates stated in that Bond plus any Hedge Payments payable by the State in such Fiscal Year minus any Hedge Receipts receivable by the State in that Fiscal Year (provided that in no event shall the calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service); and further provided that for the purposes of calculating Annual Debt Service:

(a) In determining the amount of principal to be funded in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Outstanding Bonds in accordance with any amortization schedule or amortization calculations established by the Bond Sale Resolution setting forth the terms of those Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds, Convertible Capital Appreciation Bonds or Original Issue Discount Bonds maturing or scheduled for redemption in that year; and in determining the amount of interest to be funded in each year, interest payable at a fixed rate shall (except to the extent any other subsection of this definition applies) be assumed to be made at that fixed rate and on the required funding dates.

(b) If interest on Bonds is payable pursuant to a variable interest rate (or if Hedge Payments or Hedge Receipts are determined pursuant to a variable rate formula), the interest rate on those Bonds (or the variable rate formula for those Hedge Payments or Hedge Receipts) for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to (1) if those Bonds (or Hedge Facility) were Outstanding during the 12 calendar months immediately preceding the date of calculation, an average of the interest rates per annum which were in effect, and (2) if those Bonds (or Hedge Facility) were not Outstanding during the 12 calendar months immediately preceding the date of calculation, (A) with respect to Tax-Exempt Bonds, an average of the SIFMA Index during the 12 calendar months immediately preceding the date of calculation, (B) with respect to Bonds that are not Tax-Exempt Bonds, an average of an index identified by the Treasurer Representative as being comparable to SIFMA for Bonds that are not Tax-Exempt Bonds during the 12 calendar months immediately preceding the date of calculation, (C) with respect to a Hedge Facility with an index-based rate formula, the rate produced by applying that rate formula to an average of such index during the 12 calendar months immediately preceding the date of calculation, or (D) with respect to a Hedge Facility that does not have an index-based rate, the rate described in (A) above if the related Bonds are Tax-Exempt Bonds or in (B) above if the related Bonds are taxable, all as specified in either, at the election of the State, a certificate of the Treasurer Representative or a written statement from a investment banking or financial advisory firm.

(c) With respect to any Assumed Amortization Maturity, at the option of the State, that Assumed Amortization Maturity may be treated as if it were to be amortized with substantially level debt service over a period of 30 years from the date of incurrence

of that Assumed Amortization Maturity at an interest rate equal to a fixed rate equal to the Revenue Bond Index most recently published in *The Bond Buyer* (or, if that index is no longer published, another similar index designated by the Treasurer Representative).

(d) In any computation relating to the issuance of Bonds required by Section 2.09 and any computation required by Section 5.02, Section 7.02 or Section 7.10, there shall be excluded from the computation of Annual Debt Service principal of and interest on Bonds for which funds are, or are reasonably expected to be, available for and which are irrevocably committed to make those payments, including without limitation (1) any such funds in an escrow account, (2) any such funds constituting capitalized interest held in any account created by this Master Resolution or (3) any Federal Credit Payments.

**“Assumed Amortization Maturities”** means Bonds of any Tier which are specifically designated by a Bond Sale Resolution as a “Assumed Amortization Maturity.”

**“Authorized Denomination”** means, unless specified otherwise in the applicable Bond Sale Resolution, \$5,000 or any integral multiple thereof within a maturity.

**“Bankruptcy Related Event”** means (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the State or any of its debts, or of a substantial part of the assets of the State, under any Insolvency Law, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the State for a substantial part of the assets of the State, and, in any case referred to in the foregoing subclauses (i) and (ii), such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; or (b) the State shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the State or for a substantial part of the assets of the State, or (ii) generally not be paying its debts as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, or (v) commence a voluntary proceeding under any Insolvency Law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any Insolvency Law, or (vi) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in the foregoing subclauses (i) through (v), inclusive, of this clause (b), or (vii) take any action for the purpose of effecting any of the foregoing.

**“Beneficial Owner”** means the owner of any beneficial interests in the Bonds.

**“Biennium”** means the fiscal period beginning on July 1 of an odd-numbered year and ending on June 30 of the next following odd-numbered year.

**“Bond”** or **“Bonds”** means any bonds or any other evidences of the obligation to repay borrowed money, Hedge Payments or other obligations issued or incurred by the State from time to time pursuant to Article II of this Master Resolution and the terms of the Bond Sale

Resolutions. The term “**Bond**” or “**Bonds**” includes, without limitation, notes, bond anticipation notes, commercial paper, and other securities, contracts or obligations incurred through lease, installment purchase or other agreements, including any Reimbursement Agreements, or certificates of participation therein, in each case to the extent secured by this Master Resolution. The terms “**Bond**” and “**Bonds**” includes First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds and may, if provided in a Bond Sale Resolution, include Credit Provider Bonds.

“**Bond Act**” means Chapter 498, Laws of 2009; and Chapter 377, Laws of 2011, of the State, as codified in RCW 47.10.879-.888, and as these statutes may be amended or supplemented by additional legislation enacted by the Legislature to authorize the issuance and sale of Bonds under this Master Resolution to provide additional financing for the SR 520 Corridor Program and/or to finance Additional Eligible Toll Facilities.

“**Bond Counsel**” means an attorney or firm or firms of attorneys of national recognition, selected or employed by the State, experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

“**Bond Interest Payment Date**” means, with respect to each Series of Bonds, each date set forth in the applicable Bond Sale Resolution with respect to that Series of Bonds on which interest is payable.

“**Bond Owners’ Trustee**” has the meaning assigned to such term in Section 9.02.

“**Bond Payment Date**” means any Bond Interest Payment Date or Bond Principal Payment Date.

“**Bond Principal Payment Date**” means, with respect to each Series of Bonds, each date set forth in the applicable Bond Sale Resolution with respect to that Series of Bonds on which principal is payable by reason of mandatory sinking fund redemption or maturity.

“**Bond Purchase Contract**” means the contract of purchase, with respect to a Series of Bonds, between the State and the Original Purchaser pertaining to the sale of that Series of Bonds.

“**Bond Proceeds Subaccount**” means the subaccount of that name created hereby in the Toll Facilities Account.

“**Bond Register**” means the registration books of the Bond Registrar 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 Section 11.02, that establishes, among other items, the Tier position, applicable Debt Service Reserve Requirement, if any, aggregate principal amount, principal amounts per maturity, maturity dates, interest rates or interest rate determination methods, redemption provisions, tender provisions



and other terms of a Series of the Bonds, and specifies the Debt Service Reserve Subaccount and Toll Facility Bond Retirement Account subaccount(s) for that Series of Bonds, as that resolution may be amended or supplemented from time to time. Wherever in this Master 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 includes, without limitation, adoption of a Bond Sale Resolution by the State Treasurer on behalf of the Committee as provided in this Master Resolution and shall authorize the establishment of matters relating to the sale of the Bonds by the State Treasurer pursuant to a Bond Sale Resolution adopted by the State Treasurer.

**“Bond Year”** means with respect to a Series of Bonds, the annual period with respect to that Series of Bonds set forth in the applicable Bond Sale Resolution, or, if no such annual period is set forth in the applicable Bond Sale Resolution, each annual period ending on the anniversary of the issue date of that Series of Bonds.

**“Business Day”** means, unless specified otherwise in the applicable Bond Sale Resolution, any day of the week other than Saturday, Sunday or a day on which commercial banks located in the State or in the jurisdiction in which the principal office of the Bond Registrar is located are required or authorized to remain closed or on which the New York Stock Exchange is closed.

**“Capital Appreciation Bonds”** means any Series of Bonds all the interest on which is compounded and accumulated at the rates and on the dates set forth in a Bond Sale Resolution and is payable only upon redemption or on the maturity date of those Bonds.

**“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.

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

**“Completion Bonds”** means any Bonds of any Tier issued for the purpose of financing the completion of the acquisition, construction, renovation, rehabilitation or equipping of any Project for which Bonds have previously been issued in accordance with the provisions of this Master Resolution, to the extent necessary to provide a completed and fully equipped Project (which may include, but shall not be limited to, capitalized interest, required reserves, and/or costs of issuing those Completion Bonds) of the type and scope contemplated at the time those Bonds were issued, and in accordance with the general plans and specifications for that Project as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the documents pursuant to which the related financing was undertaken.

**“Consulting Engineer”** means an independent engineer or engineering firm, or an affiliate thereof, nationally recognized as being experienced with determining the costs of construction, operation, maintenance, repair, and/or replacement of facilities similar to the System.

**“Convertible Capital Appreciation Bonds”** means Bonds which initially are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically. Convertible Capital Appreciation Bonds shall be Capital Appreciation Bonds until the conversion date and from and after that conversion date shall no longer be Capital Appreciation Bonds but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

**“Cost”** means all costs and expenses paid or incurred or to be paid or incurred (including the reimbursement of the State for any costs and expenses originally paid or incurred by the State) in connection with any Project, including, without limitation:

(a) planning, designing, permitting, engineering, acquiring, installing, constructing, modifying, reconstructing and repairing the SR 520 Corridor Program, property related to the SR 520 Corridor Program and improvements to the SR 520 Corridor Program, including, but not limited to, amounts paid to other persons in consideration for the transfer to the State of right-of-way and other property included in the SR 520 Corridor Program;

(b) planning, designing, permitting, engineering, acquiring, installing, constructing, modifying, reconstructing and repairing any other Project, including, but not limited to, amounts paid to other persons in consideration for the transfer to the State or others of right-of-way and other property included in the Project;

(c) financing costs of the SR 520 Corridor Program and any other Project, including, but not limited to, costs and expenses that the State deems necessary or advantageous in connection with the sale of the Bonds and the administration of the Bonds, this Master Resolution and any Bond Sale Resolution, including, but not limited to, costs and expenses relating to the engagement of consultants, financial advisors, underwriters, credit and/or liquidity support providers, rating agencies, attorneys, trustees, paying agents, registrars, and other agents in connection with the issuance of the Bonds, this Master Resolution and any Bond Sale Resolution;

(d) payment of interest on the Bonds;

(e) costs and expenses relating to any Credit Facility entered into in accordance with this Master Resolution, including the reimbursement of any Credit Provider as described herein;

(f) costs and expenses relating to any Hedge Facility entered into in accordance with this Master Resolution; and

(g) other amounts that the State determines are required to carry out the SR 520 Corridor Program and any other Projects that are authorized by the Toll Facilities Act.

**“Credit Facility”** or **“Credit Facilities”** means, with respect to a Series of Bonds, a letter of credit, line of credit, municipal bond insurance, surety policy, standby bond purchase agreement or other form of credit enhancement and/or liquidity support, which may include self

liquidity provided by the State, if any, for that Series of Bonds, provided for in the applicable Bond Sale Resolution, including any alternate Credit Facility with respect to that Series of Bonds delivered in accordance with provisions of the Bond Sale Resolution providing for the issuance of that Series of Bonds.

**“Credit Provider”** means, with respect to a Series of Bonds, the provider of a Credit Facility, which may be the State.

**“Credit Provider Bonds”** means any Bonds purchased with funds provided under a Credit Facility for so long as those Bonds are held by or for the account of, or are pledged to, the applicable Credit Provider in accordance with the applicable Bond Sale Resolution.

**“Debt Service Reserve Requirement”** or **“Debt Service Reserve Requirements”** means the amount or amounts, if any, required to be on deposit in the First Tier Common Debt Service Reserve Subaccount, the Second Tier Common Debt Service Reserve Subaccount, the Third Tier Common Debt Service Reserve Subaccount, the Fourth Tier Common Debt Service Reserve Subaccount, or any Series Debt Service Reserve Subaccount, as applicable, specified in the Bond Sale Resolutions governing the issuance of and securing the related Series of Bonds.

**“Debt Service Reserve Subaccounts”** means the First Tier Common Debt Service Reserve Subaccount, the Second Tier Common Debt Service Reserve Subaccount, the Third Tier Common Debt Service Reserve Subaccount and the Fourth Tier Common Debt Service Reserve Subaccount, and any Series Debt Service Reserve Subaccounts.

**“Debt Service Subaccounts”** means the First Tier Debt Service Subaccount, the Second Tier Debt Service Subaccount, the Third Tier Debt Service Subaccount and the Fourth Tier Debt Service Subaccount.

**“Deferred Sales Tax Obligation”** means the obligation of WSDOT to pay state and local sales and use taxes imposed on a Project for which the State Department of Revenue has granted a deferral certificate pursuant to RCW 47.01.412 in respect of the SR 520 Corridor Program and as provided in applicable law in respect of other Projects.

**“Deferred Sales Tax Subaccount”** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account.

**“Deputy State Treasurer”** means the Deputy State Treasurer for Debt Management and Secretary of the Committee, or any other officer of an office that succeeds to substantially all of the relevant functions of the Deputy State Treasurer for Debt Management.

**“DTC”** means The Depository Trust Company, New York, New York, or such other custodian engaged by the State to operate a book-entry system for recording, through electronic or manual means, the beneficial ownership of any Bonds, in which system no physical certificates are issued to the Beneficial Owners, but in which a limited number of physical certificates are issued to and registered in the name of the custodian or its nominee, and delivered to the custodian.



***“Eligible Toll Facilities”*** means any portion or portions of the state highway system and related facilities that the Legislature has specifically identified as an eligible toll facility, including, but not limited to, transportation corridors, bridges, crossings, interchanges, on-ramps, off-ramps, approaches, bistate facilities, interconnections between highways, and other facilities that provide for the operations of conveyances of people or goods.

***“Emergency Repair Bonds”*** means any Bonds of any Tier issued for the purpose of financing Costs of repairs to any portion of the System if the WSDOT Representative has determined that an emergency exists or is threatened which makes those repairs necessary to restore that portion of the System to a safe operating condition due to damage as a result of fire, flood, earthquake, other disaster, or otherwise.

***“Event of Default”*** means any one or more of those events set forth in Section 9.01.

***“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.

***“First Tier Bonds”*** means Bonds payable from and secured by the First Tier Debt Service Subaccount.

***“First Tier Common Debt Service Reserve Subaccount”*** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account.

***“First Tier Debt Service Reserve Subaccounts”*** means the First Tier Common Debt Service Reserve Subaccount and any Series Debt Service Reserve Subaccount securing the payment of First Tier Bonds.

***“First Tier Debt Service Subaccount”*** means the subaccount of that name created in the Toll Facility Bond Retirement Account.

***“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.

***“Fiscal Year”*** means the fiscal year of the State, currently the period commencing on the first day of July and ending on the last day of June of the following calendar year.

***“Fitch”*** means Fitch, Inc., and its successors, if any, and if that corporation shall no longer perform the functions of a securities rating agency, ***“Fitch”*** means any other nationally recognized securities rating agency (other than Moody’s and S&P) designated by the Treasurer Representative.

***“Fourth Tier Bonds”*** means Bonds payable from and secured by the Fourth Tier Debt Service Subaccount and subordinate to the First Tier Bonds, the Second Tier Bonds and the Third Tier Bonds with respect to Toll Revenue.

***“Fourth Tier Common Debt Service Reserve Subaccount”*** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account.

**“Fourth Tier Debt Service Reserve Subaccounts”** means the Fourth Tier Common Debt Service Reserve Subaccount and any Series Debt Service Reserve Subaccount securing the payment of Fourth Tier Bonds.

**“Fourth Tier Debt Service Subaccount”** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account.

**“Hedge Facility”** means any payment agreement entered into by the State pursuant to the provisions of Chapter 39.96 RCW to effect any rate swap transaction, basis swap transaction, cap transaction, floor transaction, collar transaction, or similar transaction, which is intended to convert or limit the interest rate payable with respect to any Bonds, and which (1) is designated as a Hedge Facility to relate to all or part of one or more Series of Bonds; (2) is with a Qualified Hedge Provider or an entity that has been a Qualified Hedge Provider within the 60 day period preceding the date on which the calculation of Annual Debt Service or Maximum Annual Debt Service is being made; and (3) has a term not greater than the term of the designated Bonds or a specified date for mandatory tender or redemption of the designated Bonds.

**“Hedge Payments”** means the regularly scheduled payments to be paid to a counterparty by the State under the terms of a Hedge Facility absent any termination, default or dispute in connection with that Hedge Facility.

**“Hedge Receipts”** means regularly scheduled payments required to be paid to the State by a counterparty under the terms of a Hedge Facility absent any termination, default or dispute in connection with that Hedge Facility.

**“Hedge Termination Payment”** means any payment required to be paid to a counterparty by the State under the terms of a Hedge Facility, in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by the State under a Hedge Facility, which payments are not Hedge Payments.

**“Holder”** or **“Bondholder”** means the Registered Owner of any Bond; provided that a Bond Sale Resolution may provide that other persons may be deemed to be the holder or holders of all or a portion of the Series of Bonds authorized thereby, including but not limited to the providers of credit support for those Bonds. A Qualified Hedge Provider shall only be considered a Bondholder to the extent specified in a Bond Sale Resolution.

**“Insolvency Laws”** means the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.*, as from time to time amended and in effect, and any state bankruptcy, insolvency, receivership or similar law now or hereafter in effect in the State.

**“Legislature”** means the Legislature of the State.

**“Letter of Representations”** means the Blanket Issuer Letter of Representations from the State to DTC, as it may be amended from time to time.

**“Master Resolution”** means this Master Resolution, as amended or supplemented from time to time in accordance with Article VIII.

**“Maximum Annual Debt Service”** means the maximum Annual Debt Service with respect to any Bonds for any Fiscal Year during the term of those Bonds.

**“Moody’s”** means Moody’s Investors Service, Inc., and its successors, if any, and if that corporation shall no longer perform the functions of a securities rating agency, **“Moody’s”** means any other nationally recognized securities rating agency (other than Fitch and S&P) designated by the Treasurer Representative.

**“Motor Vehicle Fuel Taxes”** means the state excise taxes on motor vehicle and special fuels imposed by Chapters 82.36 and 82.38 RCW.

**“Motor Vehicle Fund”** means the Motor Vehicle Fund of the State created in the State Treasury.

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

**“Net Revenues”** means Toll Revenue less Operating and Maintenance Expenses.

**“Operating and Maintenance Expenses”** means the reasonable and necessary operating and maintenance expenses of the System, including, without limitation, (1) facility maintenance and operation expenses (including, without limitation, expenses of paving and patching repair; maintaining drainage systems, culverts and slopes; roadside and landscape maintenance; weed control; movable and floating bridge operations; snow and ice control; safety rest area operations; disaster maintenance including road closures, detours and emergency repair not involving major construction; maintenance of pavement striping and markings, guardrails, highway lighting systems, and traffic signs, (2) the reasonable and necessary operating and maintenance expenses of the Toll system, including expenses of Toll collection and enforcement, administrative and technical functions required for processing Toll transactions and collecting Tolls from customers (including, but not limited to management; accounting and finance, including credit card and banking fees; insurance premiums; marketing; fees and expenses of the Traffic Consultant and Consulting Engineer; and legal fees and expenses), and (3) the fees and expenses of the Bond Registrar and Bond Owners’ Trustee, if any. Operating and Maintenance Expenses shall *not* include Repair and Replacement Expenses; any allowance for depreciation; any costs for the payment of which the Legislature has appropriated or otherwise committed funds other than Toll Revenue to the extent of the availability of such other funds; any costs for the payment of which the Legislature in the Toll Facilities Act has agreed for the benefit of owners of Bonds to appropriate funds other than Toll Revenue and has authorized the Committee to pledge that obligation to Bondholders; or operating and maintenance expenses of conveyances of people and goods.

**“Operating and Maintenance Reserve Subaccount”** means the subaccount of that name created hereby in the Toll Facilities Account.

**“Original Issue Discount Bonds”** means Bonds that are sold at an initial public offering price of less than face value and which are specifically designated as Original Issue Discount Bonds by the Bond Sale Resolution under which those Bonds are issued.

**“Original Purchaser”** means the person or entity designated in each Bond Sale Resolution as the initial purchaser or purchasers of a Series of Bonds or, if so designated in a Bond Purchase Contract, the representatives or lead or managing underwriters of those initial purchasers.

**“Outstanding”** when used with reference to Bonds means, as of any date of determination, all Bonds that have been authenticated and delivered except: (1) Bonds that have been canceled by the Bond Registrar or delivered to the Bond Registrar for cancellation; (2) Bonds which are deemed paid and no longer Outstanding as provided in this Master Resolution; (3) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of this Master Resolution relating to Bonds destroyed, stolen or lost; (4) after any tender date as may be provided for in the applicable Bond Sale Resolution, any Bond held by a Bondholder who has given a tender notice or was required to tender that Bond in accordance with the provisions of the applicable Bond Sale Resolution and which was not so tendered and for which sufficient funds for the payment of the purchase price of which have been deposited with the Bond Registrar, or any tender agent appointed under the applicable Bond Sale Resolution; and (5) for purposes of any consent or other action to be taken under this Master Resolution by the Holders of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the State (unless all Bonds that would be “Outstanding” but for the provisions of this clause (5) are so held by or for the account of the State).

**“Project”** means any of the Eligible Toll Facilities that are part of the System financed or refinanced with the proceeds of Bonds, including without limitation the SR 520 Corridor Program.

**“Projected Toll Rate Schedule”** means the projection of future Tolls provided periodically to the Tolling Authority pursuant to this Master Resolution.

**“Qualified Hedge Provider”** means an entity that meets the applicable requirements of Chapter 39.96 RCW as necessary to be a party to a Hedge Facility with the State.

**“Rate Covenant”** means the covenant of the State to set and adjust Tolls to satisfy the requirements set forth in Section 7.02.

**“Rating Agency”** means Fitch, Moody’s or S&P.

**“RCW”** means the Revised Code of Washington.

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

**“Reimbursement Agreement”** means, with respect to a Series of Bonds, any agreement or agreements in each case between a Credit Provider or Credit Providers and the State under or pursuant to which a Credit Facility for that Series of Bonds is issued that sets forth the obligations of the State to the Credit Provider or Credit Providers and the obligations of the Credit Provider or Credit Providers to the State, and any agreement that replaces a Reimbursement Agreement.

***“Remarketing Agent”*** means, with respect to a Series of Bonds, the placement or remarketing agent or agents, if any, at the time serving in that role under a Remarketing Agreement and designated by the Committee as the Remarketing Agent with respect to a Series of Bonds, and any successor thereto.

***“Remarketing Agreement”*** means the remarketing agreement, if any, with respect to a Series of Bonds, between the State and the Remarketing Agent as from time to time amended and supplemented, or if that remarketing agreement shall be terminated, then any other agreement which may from time to time be entered into with any Remarketing Agent with respect to the remarketing or placement of that Series of Bonds.

***“Repair and Replacement Expenses”*** means expenses of the System incurred in connection with unusual or extraordinary maintenance or repairs, maintenance or repairs not recurring annually, expenses for major items of equipment, major construction, capital upgrades and/or improvements (including without limitation, expenses of structural bridge repair; rehabilitation and replacement of: pavements; bridge surface; anchor cables; expansion joints; ramp meters; cable and data stations; CCTV; variable message signs; periodic camera and computer system upgrades or replacement; and the repair or replacement of other similar capital structures or equipment). Repair and Replacement Expenses shall not include any expenses for the payment of which the Legislature has appropriated or otherwise committed funds other than Toll Revenue, or which are reasonably expected to be paid or financed from funds other than Toll Revenue.

***“Repair and Replacement Reserve Subaccount”*** means the subaccount of that name created hereby in the Toll Facilities Account.

***“Revenue Stabilization Subaccount”*** means the subaccount of that name created hereby in the Toll Facilities Account.

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

***“S&P”*** means Standard and Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors, if any, and if that corporation shall no longer perform the functions of a securities rating agency, ***“S&P”*** means any other nationally recognized securities rating agency (other than Fitch and Moody’s) designated by the Treasurer Representative.

***“SEC”*** means the Securities and Exchange Commission.

***“Second Tier Bonds”*** means Bonds payable from and secured by the Second Tier Debt Service Subaccount and subordinate to the First Tier Bonds with respect to Toll Revenue.

***“Second Tier Common Debt Service Reserve Subaccount”*** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account.

***“Second Tier Debt Service Reserve Subaccounts”*** means the Second Tier Common Debt Service Reserve Subaccount and any Series Debt Service Reserve Subaccount securing the payment of Second Tier Bonds.



**“Second Tier Debt Service Subaccount”** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account to secure payment of Second Tier Bonds.

**“Series Debt Service Reserve Subaccount”** means any subaccount created by a Bond Sale Resolution governing the issuance of and securing the related Series of Bonds.

**“Series of Bonds”** or **“Bonds of a Series”** or **“Series”** means a series of Bonds issued pursuant to this Master Resolution and the terms of a Bond Sale Resolution.

**“SIFMA Index”** means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (“SIFMA”) or any person acting in cooperation with or under the sponsorship of SIFMA, or if such index is no longer available “SIFMA Index” shall refer to a comparable index identified as being comparable by the Treasurer Representative.

**“SR 520 Corridor”** means that portion of State Route 520 between its junctions with Interstate 5 and State Route 202.

**“SR 520 Corridor Program”** means the State Route 520 bridge replacement and HOV program described in the Toll Facilities Act.

**“State”** means the State of Washington.

**“State Treasurer”** means the Treasurer of the State of Washington or any other officer of an office that succeeds to substantially all of the relevant functions of the Treasurer of the State of Washington.

**“State Treasury”** means the Treasury of the State.

**“System Budget”** means those components of the State’s transportation budget, both capital and operating, for any Biennium, including any supplemental transportation budget, both capital and operating, for any Fiscal Year within a Biennium, pertaining to and making appropriations for the System.

**“System of Eligible Toll Facilities”** or **“System”** means the SR 520 Corridor, together with any Additional Eligible Toll Facilities.

**“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 related Debt Service Subaccount.

**“Third Tier Bonds”** means Bonds payable from and secured by the Third Tier Debt Service Subaccount and subordinate to the First Tier Bonds and Second Tier Bonds with respect to Toll Revenue.

**“Third Tier Common Debt Service Reserve Subaccount”** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account.

**“Third Tier Debt Service Reserve Subaccounts”** means the Third Tier Common Debt Service Reserve Subaccount and any Series Debt Service Reserve Subaccount securing the payment of Third Tier Bonds.

**“Third Tier Debt Service Subaccount”** means the subaccount of that name created hereby in the Toll Facility Bond Retirement Account to secure payment of Third Tier Bonds.

**“Tier”** means the level of security and pledge preference with respect to Toll Revenue applicable to a Series of Bonds as provided in a Bond Sale Resolution.

**“TIFIA”** means the Transportation Infrastructure Finance and Innovation Act of 1998, as amended, or any other legislation pursuant to which the United States provides loans or other forms of credit assistance similar to that available under TIFIA.

**“TIFIA Bondholder”** means the United States Department of Transportation, acting by and through the Federal Highway Administrator.

**“TIFIA Bond”** means any Bond that may be issued pursuant to a Bond Sale Resolution to evidence a TIFIA Loan to the State. Except as otherwise provided in Section 9.07, any TIFIA Bond must be a Fourth Tier Bond.

**“TIFIA Loan”** means the loan or credit support provided pursuant to the TIFIA Loan Agreement.

**“TIFIA Loan Agreement”** means a loan or other agreement that shall be entered into by and between the TIFIA Bondholder and the State in the event the State issues a TIFIA Bond.

**“Toll Facility Bond Retirement Account”** means the account of that name created in the State Treasury.

**“Toll Facilities Account”** means that account created in the State Treasury by the Toll Facilities Act currently designated as the State Route Number 520 Corridor Account, as that account may be renamed, redesignated or supplemented in accordance with the Toll Facilities Act.

**“Toll Facilities Act”** means Chapter 122, Laws of 2008; Chapter 472, Laws of 2009; Chapter 248, Laws of 2010; and Chapter 377, Laws of 2011, of the State, as codified within Chapter 47.56 RCW, and as those statutes may be amended or supplemented by the Legislature.

**“Toll Rate Schedule”** means the schedule of Tolls approved by the Tolling Authority as part of the regulatory process established for setting Tolls.

**“Toll Revenue”** means, for the purposes of this Master Resolution, all Tolls and all interest income derived from the investment of Toll receipts. The term **“Toll Revenue”** includes late charges, damages, liquidated or otherwise, collected under any agreement involving any Project (other than damages that the WSDOT Representative determines shall be applied to Costs of a Project), proceeds of business interruption insurance, and proceeds of the sale of surplus property acquired for any Project, but does not include (1) Motor Vehicle Fuel Taxes, (2) programmatic grants by the Federal Highway Administration or other sources for the benefit of transportation facilities in the State, or (3) Federal Credit Payments. Toll Revenue for any Fiscal Year does not include amounts that the WSDOT Representative, in consultation with the Treasurer Representative, determines within 120 days after the end of any Fiscal Year, shall be transferred from the Toll Facilities Account to the Revenue Stabilization Subaccount in that Fiscal Year, but shall, to the extent permitted by Section 6.04, include amounts which the WSDOT Representative, in consultation with the Treasurer Representative, determines within 120 days after the end of any Fiscal Year, shall be transferred in any Fiscal Year from the Revenue Stabilization Subaccount to the Toll Facilities Account in that Fiscal Year.

**“Tolling Authority”** means the governing body to which the Legislature has delegated the legal power to set, review and adjust toll rates on Eligible Toll Facilities.

**“Tolls”** means all toll receipts received by the State in respect of Eligible Toll Facilities that are part of the System.

**“Traffic and Revenue Report”** means a report of the Traffic Consultant setting forth the estimated Toll Revenue for the System or for any particular Eligible Toll Facilities comprising a portion of the System.

**“Traffic Consultant”** means any traffic and revenue consultant or firm of traffic and revenue consultants of national recognition with expertise and experience regarding the operation, management and financing of, and the collection of revenues from, toll roads, selected and employed by the State from time to time.

**“Treasurer Representative”** means the State Treasurer, the Assistant State Treasurer or the Deputy State Treasurer, and shall include any other natural person who at the time and from time to time may be designated by a certificate of the State Treasurer that contains the specimen signature of the designated person and is signed by the State Treasurer, the Assistant State Treasurer or the Deputy State Treasurer.

**“Triple Pledge Bonds”** means any Series of Bonds designated as such in the applicable Bond Sale Resolution, and to which the State has pledged Toll Revenue, Motor Vehicle Fuel Taxes and the State’s full faith and credit to pay the principal thereof and premium, if any, and interest thereon.



*“Undertaking”* means the continuing disclosure undertaking described in Article XIV and more fully set forth in a Bond Sale Resolution.

*“WSDOT”* means the Washington State Department of Transportation.

*“WSDOT Representative”* means the Secretary of WSDOT or designee of the Secretary.

### **Section 1.02 Rules of Construction**

Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Master Resolution:

Any reference herein to the Tolling Authority, WSDOT or the Committee, or any officer thereof, shall include any persons or entities succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

The use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

Words importing the singular number shall include the plural number and vice versa.

Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

All references herein to particular articles or sections are references to articles or sections of this Master Resolution.

The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Master Resolution nor shall they affect its meaning, construction or effect.

All references to terms such as herein, hereunder, hereto, etc. refer to this Master Resolution, as amended or supplemented.

All references herein to payment of Bonds are references to payment of principal of, purchase price of, if applicable, premium, if any, and interest on Bonds.

### **Section 1.03 Contents of Certificates and Opinions**

Every certificate or opinion provided for in this Master Resolution may be based and given in reliance upon a certificate or opinion or representation given by counsel, a Consulting Engineer, a Traffic Consultant, a Treasurer Representative, or a WSDOT Representative, as applicable for the subject matter of the certificate or opinion or representation, unless such individual executing the certificate or opinion knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement is based is erroneous. The same Consulting Engineer, Traffic Consultant, Treasurer Representative or WSDOT Representative, as the case may be, need not

provide all of the certificates required under any provision of this Master Resolution, but different Consulting Engineers, Traffic Consultants, Treasurer Representatives or WSDOT Representatives may provide certificates as to different matters.

#### **Section 1.04 Assumptions in Calculations of Toll Revenue and Operating and Maintenance Expenses**

(a) For purposes of historical calculations of Toll Revenue or Operating and Maintenance Expenses provided for in this Master Resolution during (A) the most recent Fiscal Year for which audited financial statements are available, or (B) any 12 consecutive month period in the immediately prior 18 months, as applicable to the relevant calculation, if any change in the Toll Rate Schedule was implemented during the relevant calculation period, it may be assumed that the change in the Toll Rate Schedule had been in effect for the entire calculation period.

(b) If Additional Eligible Toll Facilities are added to the System, for purposes of historical calculations of Toll Revenue or Operating and Maintenance Expenses provided for in this Master Resolution during (A) the most recent Fiscal Year for which audited financial statements are available, or (B) any 12 consecutive month period in the immediately prior 18 months, as applicable to the relevant calculation, it may be assumed that the Additional Eligible Toll Facilities had been part of the System during the applicable calculation period (taking into account revenue, if any, generated by and expenses of the Additional Eligible Toll Facilities prior to their addition to the System that would have been treated as “Toll Revenue” and “Operating and Maintenance Expenses,” respectively, under this Master Resolution.

(c) In calculating Toll Revenue generated by Additional Eligible Toll Facilities in accordance with (b) above, it may be assumed that any change in toll rates with respect to the Additional Eligible Toll Facilities during the relevant calculation period had been in effect for the entire calculation period.

### **Article II**

#### **AUTHORIZATION AND PURPOSE OF THE BONDS**

##### **Section 2.01 Authorization of Bonds**

For the purpose of providing funds to finance or refinance Costs of Eligible Toll Facilities, the Committee hereby authorizes, on behalf of the State, the sale and issuance of the Bonds in the maximum principal amount authorized by the Bond Act in one or more sales and in one or more Series, all as provided in the Bond Act and Section 2.09 of this Master Resolution. The Bonds shall be named and bear an appropriate Series designation and be of a designated Tier, all as set forth in the applicable Bond Sale Resolution. The Committee reserves the right to authorize, pursuant to a resolution or resolutions separate from this Master Resolution, the sale and issuance of a portion or portions of the bonds authorized by the Bond Act as bonds that are not payable from or secured by the Toll Revenue that is pledged to pay and secure Bonds authorized to be sold and issued by this Master Resolution.

## **Section 2.02 Terms**

Each Series of Bonds shall bear the terms provided herein and in the Bond Sale Resolution providing for the issuance thereof.

## **Section 2.03 Place, Manner and Medium of Payment**

The principal of, premium, if any, and interest on a Series of Bonds shall be payable in lawful money of the United States of America and in the manner and at the place specified in the Bond Sale Resolution providing for the issuance of that Series of Bonds. Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months, or such other method as set forth in a Bond Sale Resolution.

If the Bonds of any Series are in fully immobilized form and held by DTC, payments of principal and interest on that 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 not in fully immobilized form, interest on those Bonds shall be paid by check or draft mailed (or by wire transfer to a Registered Owner of those Bonds (if agreed to by the Committee)) to the Registered Owners of the Bonds of that Series at the addresses for those Registered Owners appearing on the Bond Register on the 15th day of the month preceding the Bond Interest Payment Date, or such other record date as may be specified in the applicable Bond Sale Resolution. Principal and premium, if any, on any Bond shall be payable on or after the maturity date of that Bond or, if earlier, any applicable redemption date (which has not been voided or canceled as provided herein and provided notice of redemption has been duly given to the Registered Owner of that Bond) upon presentation and surrender of that Bond by the Registered Owner to the Bond Registrar at the designated corporate trust office or other location designated by Bond Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the State on that date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on that Bond until that Bond is paid in full.

## **Section 2.04 Form and Execution of Bonds**

The Bonds shall be prepared in a form consistent with the provisions of this Master Resolution, the applicable Bond Sale Resolution and State law. 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 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 2.05 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 Master 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 Master Resolution: "Certificate of Authentication. This Bond is one of the State of Washington [Name of Series], dated \_\_\_\_\_, 20\_\_, described in the [Master Bond Resolution and Bond Sale Resolution]." The authorized signing of 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 Master Resolution.

## **Section 2.06 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 Master 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 Master 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 Article VIII and Article IX of this Master Resolution), and neither the State nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any Bond shall be made only as described in Section 2.03 of this Master Resolution, but the registration may be transferred as herein provided. All payments made as described in Section 2.03 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 Master Resolution or a Bond Sale Resolution (except 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 that 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 that Series of Bonds.

**(e) Use of Depository.**

**(i)** Unless otherwise specified in a Bond Sale Resolution, the Bonds of each Series 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, or as otherwise required or requested by DTC. Registered ownership of immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any 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 any 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 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, and each interest rate within a maturity, of the Series of the immobilized Bonds then Outstanding, or as otherwise required or requested by the successor or substitute depository, registered in the name of the successor or substitute depository, or their nominees, as the case may be, all as specified in those 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.

### **Section 2.07 Provisions with Respect to 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 that Bond is surrendered to the Bond Registrar, with the assignment form appearing on that 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 2.08 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 (1) evidence satisfactory to the Bond Registrar of the destruction or loss of the original Bond and of its ownership and (2) such additional security, indemnity or evidence as may be required by the Committee or the Bond Registrar. 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 Master 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 2.09 Requirements for Issuance of Bonds**

**(a) General Requirements for Issuance of Bonds.** The State may issue one or more Series of Bonds to pay the Cost of the Eligible Toll Facilities that are part of the System, to refund all or a portion of a Series of Bonds, or for any combination of those purposes if the conditions set forth in (b) below are met and complied with at the time of the issuance of that Series of Bonds. Each Series of Bonds shall be issued pursuant to a Bond Sale Resolution. No Series of Bonds may be offered for sale without both a prior request by WSDOT for the sale and prior appropriation by the Legislature of the net proceeds of sale of the Bonds. As of the issue date of each Series of the Bonds, the aggregate principal amount of Bonds that the Committee shall have sold and issued will not exceed the total principal amount authorized by the Bond Act to be issued, and for this purpose the principal amount of any Bonds issued to refund other Bonds shall not be taken into account and the principal amount of any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds shall be equal to their principal amount on their issue date.

**(b) Conditions to the Issuance of Bonds.** Except for the issuance of the first Series of Bonds under this Master Resolution, the following conditions shall be met and complied with at the time of issuance of a Series of Bonds.

**(i)** There shall be on file with the State Treasurer a certificate of the Treasurer Representative stating that as of the date of issuance of the Series of Bonds, there is no deficiency in the Toll Facility Bond Retirement Account; and

**(ii)** Except for the issuance of refunding Bonds which satisfy the test in Section 2.09(b)(iii)(1), there shall be on file with the State Treasurer a certificate(s) or report(s) of the Traffic Consultant, Consulting Engineer, WSDOT Representative and/or Treasurer Representative, as applicable, evidencing that, based upon reasonable assumptions, after the issuance of the proposed Bonds, projected Net Revenues for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed additional Bonds will be at least equal to 100% of the aggregate amount of the required payments described in subsections (b) through (m) of Section 6.12 in the applicable Fiscal Year; and

**(iii)** At least one of the following tests shall be satisfied with respect to the proposed Bonds:

- (1)** If Bonds are being issued for the purpose of refunding all or a portion of one or more Series of Bonds of the same Tier as the Bonds to be issued, or a senior Tier (*i.e.*, the number of the Tier of the refunding Bonds is equal to or greater than the number of the Tier of the Bonds to be refunded), evidence that the Annual Debt Service (taking into account the issuance of the proposed Bonds, but excluding the Bonds to be refunded with the proceeds of the

proposed Bonds) will not increase by more than \$5,000 in any Fiscal Year through the last scheduled maturity of Outstanding Bonds following the issuance of the refunding Bonds.

(2) If the proposed Bonds are First Tier Bonds, there shall be on file with the State Treasurer:

(a) (A) a certificate of the WSDOT Representative stating the Net Revenues for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months, and (B) a certificate of the Treasurer Representative stating that the Net Revenues shown in the certificate of the WSDOT Representative described in (A) above, were at least equal to (i) 200% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, (ii) 150% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds and Second Tier Bonds, (iii) 130% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, and (iv) 110% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds (taking into account the First Tier Bonds proposed to be issued and excluding any Bonds being refunded); or

(b) (A) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional First Tier Bonds, (B) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Operating and Maintenance Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional First Tier Bonds, and (C) a certificate of the Treasurer Representative stating that, based upon the information contained in the certificates described in (A) and (B) above, the projected Net Revenues for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed First Tier Bonds will be equal to or greater than (i) 200% of Annual Debt Service on First Tier Bonds, (ii) 150% of Annual Debt Service on First Tier Bonds and Second Tier Bonds,



(iii) 130% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, and (iv) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds in each Fiscal Year (taking into account the First Tier Bonds proposed to be issued and excluding any Bonds being refunded).

**(3)** If the proposed Bonds are Second Tier Bonds, there shall be on file with the State Treasurer:

**(a)** (A) a certificate of the WSDOT Representative stating the Net Revenues for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months, and (B) a certificate of the Treasurer Representative stating that the Net Revenues shown in the certificate of the WSDOT Representative described in (A) above, were at least equal to (i) 150% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds and Second Tier Bonds, (ii) 130% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, and (iii) 110% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds (taking into account the Second Tier Bonds proposed to be issued and excluding any Bonds being refunded); or

**(b)** (A) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Second Tier Bonds, (B) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Operating and Maintenance Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Second Tier Bonds, and (C) a certificate of the Treasurer Representative stating that, based upon the information contained in the certificates described in (A) and (B) above, the projected Net Revenues for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed Second Tier Bonds will be equal to or greater than (i) 150% of Annual

Debt Service on First Tier Bonds and Second Tier Bonds, (ii) 130% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, and (iii) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds in each Fiscal Year (taking into account the Second Tier Bonds proposed to be issued and excluding any Bonds being refunded).

(4) If the proposed Bonds are Third Tier Bonds, there shall be on file with the State Treasurer:

(a) (A) a certificate of the WSDOT Representative stating the Net Revenues for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months, and (B) a certificate of the Treasurer Representative stating that the Net Revenues shown in the certificate of the WSDOT Representative described in (A) above, were at least equal to (i) 130% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds, and (ii) 110% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds (taking into account the Third Tier Bonds proposed to be issued and excluding any Bonds being refunded); or

(b) (A) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Third Tier Bonds, (B) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Operating and Maintenance Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Third Tier Bonds, and (C) a certificate of the Treasurer Representative stating that, based upon the information contained in the certificates described in (A) and (B) above, the projected Net Revenues for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed Third Tier Bonds will be equal to or greater than (i) 130% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and

Third Tier Bonds, and (ii) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds in each Fiscal Year (taking into account the Third Tier Bonds proposed to be issued and excluding any Bonds being refunded).

- (5) If the proposed Bonds are Fourth Tier Bonds, there shall be on file with the State Treasurer:
- (a) (A) a certificate of the WSDOT Representative stating the Net Revenues for (i) the most recent Fiscal Year for which audited financial statements are available or (ii) any 12 consecutive month period in the immediately prior 18 months, and (B) a certificate of the Treasurer Representative stating that the Net Revenues shown in the certificate of the WSDOT Representative described in (A) above, were at least equal to 110% of the Maximum Annual Debt Service for all then-Outstanding First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds (taking into account the Fourth Tier Bonds proposed to be issued and excluding any Bonds being refunded); or
  - (b) (A) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Fourth Tier Bonds, (B) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Operating and Maintenance Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the additional Fourth Tier Bonds, and (C) a certificate of the Treasurer Representative stating that, based upon the information contained in the certificates described in (A) and (B) above, the projected Net Revenues for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the issuance of the proposed Fourth Tier Bonds will be equal to or greater than 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier Bonds in each Fiscal Year (taking into account the Fourth Tier Bonds proposed to be issued and excluding any Bonds being refunded)..

- (6) If the proposed Bonds are Completion Bonds, there shall be on file with the State Treasurer:
  - (a) a certificate of the Treasurer Representative stating that the principal amount of such Completion Bonds does not exceed 10% of the aggregate principal amount of Bonds originally issued to finance that Project;
  - (b) a certificate of the Consulting Engineer setting forth the amount estimated to be needed to complete the Project to be financed with the Completion Bonds; and
  - (c) a certificate of the WSDOT Representative stating that issuance of the Completion Bonds is necessary for the completion of the Project identified in the certificate delivered pursuant to (b) above, and that the proceeds of the Completion Bonds, together with other funds available therefor, will provide sufficient money for the completion of that Project.
  
- (7) If the proposed Bonds are Emergency Repair Bonds, there shall be on file with the State Treasurer a certificate of the Consulting Engineer stating that (a) the Costs for which those Emergency Repair Bonds are to be issued are necessary to restore a portion of the System to a safe operating condition, and (b) the net proceeds of those Emergency Repair Bonds are not in excess of the amount necessary to pay the Costs of the emergent repairs.

**Section 2.10 No Pledge Superior to First Tier Bonds; Subordinate Obligations; Pledge of Revenues of Toll Facilities Not Part of System**

- (a) The State shall not issue additional obligations payable from Toll Revenue with a pledge position prior and superior to the First Tier Bonds.
- (b) Nothing contained herein shall prevent the State from issuing additional obligations with a pledge position with respect to Toll Revenue that is subordinate to the pledge position of the Fourth Tier Bonds.
- (c) Nothing herein shall prevent the State from issuing obligations that are secured by a pledge of revenues of Eligible Toll Facilities other than the SR 520 Corridor that have not been designated as Additional Eligible Toll Facilities and are therefore not a part of the System.

## **Article III REDEMPTION OF BONDS**

### **Section 3.01 Optional and Mandatory Redemption**

The Bond Sale Resolution for a Series shall designate which maturities of that Series, if any, are subject to optional and mandatory redemption, and shall further provide for the time, manner and price at which that Series of Bonds may be redeemed prior to their stated maturities.

### **Section 3.02 Partial Redemption**

Portions of the principal amount of any Bond, in any Authorized Denomination, may be redeemed in accordance with the applicable Bond Sale Resolution. If a Bond to be redeemed is not held in book-entry only form, upon surrender of that 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 Authorized Denomination, shall be authenticated and delivered, without charge, to the Registered Owner thereof.

### **Section 3.03 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.

### **Section 3.04 Selection of Bonds for Redemption**

As long as the Bonds of a Series are held in book-entry only form, if fewer than all of the Outstanding Bonds within a maturity are to be redeemed prior to maturity, selection of Bonds to be redeemed shall be made in accordance with the operational arrangements in effect at DTC. If any Bonds are no longer held in uncertificated form, the selection of those Bonds to be redeemed shall be made in a random method determined by the Bond Registrar or as otherwise set forth in a Bond Sale Resolution.

### **Section 3.05 Effect of Optional Redemption/Purchase on Term Bonds**

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 Treasurer Representative 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.

### **Section 3.06 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 mailed or sent electronically within the same period to the MSRB, consistent with the Undertaking, to any Rating Agency which at the time maintains a rating on the Bonds at the request of the State, and to those persons and with such additional information as the Treasurer Representative shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of the Bonds.

In the case of an optional redemption, the notice 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.

### **Section 3.07 Effect of Redemption**

If the State shall have set aside on the date fixed for redemption sufficient money for the payment of the Bonds called for redemption on the date fixed for redemption, the Bonds so called shall cease to accrue interest after that redemption date, and all those 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 that purpose.

Notwithstanding the foregoing, with respect to optional redemptions only, if the Bond Registrar does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for that purpose on or prior to the redemption date), then the purported optional redemption and the notice of that purported redemption shall be void. Such event shall not constitute an Event of Default hereunder, and neither the Bond Registrar nor the State shall be subject to any liability to the Holders, the Beneficial Owners or any other person as a result of such failure to redeem Bonds.

### **Section 3.08 Cancellation of Bonds**

All Bonds purchased or redeemed under this Article III shall be canceled, except for any Bonds purchased by the State in circumstances in which the State intends that the purchased Bonds shall remain Outstanding and the debt evidenced by the purchased Bonds is not treated as extinguished under the Code.



**Article IV**  
**SECURITY AND PLEDGE POSITION**

**Section 4.01 Parity as to Toll Revenue; Bonds Within a Tier and Series Equally and Ratably Secured**

(a) Except as otherwise provided for in Section 9.07, all Bonds issued hereunder and at any time Outstanding shall be equally and ratably secured, with the same right, pledge and preference with respect to the Toll Revenue, with all other Outstanding Bonds of the same Tier, without preference, priority or distinction on account of the date or dates or the actual time or times of the issuance or maturity of the Bonds of the same Tier. Bonds issued under this Master Resolution shall have a right, pledge and preference to payment from Toll Revenue in the following order of priority: (1) First Tier Bonds; (2) Second Tier Bonds; (3) Third Tier Bonds; and (4) Fourth Tier Bonds. Section 9.07 describes the circumstances under which TIFIA Bonds will be deemed to be and will automatically become First Tier Bonds. Hedge Termination Payments shall not be secured by this Master Resolution on a parity with any Series of Bonds. Hedge Termination Payments may be secured by a pledge of Toll Revenue that is subordinate to the pledge position of the Fourth Tier Bonds as described in Section 2.10(b). Nothing herein shall be construed to preclude the creation of separate reserve funds or the obtaining of separate surety bonds, insurance policies and other Credit Facilities for any Series of Bonds, which may or may not be pledged toward the payment of other Series of Bonds, and nothing herein shall be construed to preclude the designation of any Series of Bonds as Triple Pledge Bonds.

(b) All Bonds of a particular Series shall in all respects be equally and ratably secured and shall have the same right and pledge preference established for the benefit of that Series of Bonds, including, without limitation, rights to the Toll Facilities Account and rights to the Debt Service Subaccount and any Debt Service Reserve Subaccount securing payment of that Series in the Toll Facility Bond Retirement Account. Amounts drawn under a Credit Facility with respect to a particular Series and all other amounts held in accounts established with respect to that Series pursuant to the provisions of Article VI and the Bond Sale Resolution providing for the terms of that Series shall be applied solely to make payments on that Series of Bonds.

**Section 4.02 Pledge of Toll Revenue and Obligation to Impose Tolls**

(a) Toll Revenue is irrevocably pledged for the benefit of the Bonds authorized herein. The pledge hereby made shall be valid and binding from and after the time of the delivery of the first Bond authenticated and delivered under this Master Resolution. The Toll Revenue so pledged and then or thereafter received by the State shall immediately be subject to that pledge, and the obligation to perform the contractual provisions hereby made shall have priority over any or all other obligations and liabilities of the State with regard to the Toll Revenue, to the extent provided herein.

(b) As authorized and directed by the Legislature pursuant to the Toll Facilities Act and the Bond Act, the Committee on behalf of the State pledges for the benefit of the Holders of Outstanding Bonds, that the State will impose and maintain Tolls on the SR 520 Corridor and on any other Eligible Toll Facilities on which the Legislature has authorized the imposition of Tolls in respect of Bonds in amounts sufficient to pay, when due, the principal of and interest on the

Bonds, and consistent with the covenants in Section 7.01 and Section 7.02 of this Master Resolution. As further authorized and directed by the Legislature pursuant to the Toll Facilities Act and the Bond Act, the Committee on behalf of the State further pledges for the benefit of the Holders of Outstanding Bonds, that the State will not impair or withdraw the delegation to the Tolling Authority of the power to fix and adjust Tolls as provided in the Toll Facilities Act.

### **Section 4.03 Triple Pledge Bonds**

(a) **Designation.** Any Series of Bonds may be designated by the Committee as Triple Pledge Bonds in the applicable Bond Sale Resolution.

(b) **General Obligations of the State.** Triple Pledge 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 premium, if any, and interest on the Triple Pledge Bonds and unconditionally promises to pay that principal, premium and interest as the same shall become due.

(c) **Pledge of Motor Vehicle Fuel Taxes.** On behalf of the State and as a part of the contract of sale of the Bonds, the proceeds of the Motor Vehicle Fuel Taxes are pledged to the payment of the principal of and premium, if any, and interest on the Triple Pledge Bonds.

(d) The principal of and premium, if any, and interest on the Triple Pledge Bonds shall be first payable from Toll Revenue and other funds held in any related Debt Service Subaccount and any Debt Service Reserve Subaccount in the Toll Facility Bond Retirement Account that are pledged to the payment of the applicable Series of Bonds, and from Toll Revenue and other funds held in the Revenue Stabilization Subaccount. If and to the extent the Toll Revenue and those other funds are not sufficient to pay the principal of and premium, if any, and interest on any Triple Pledge Bond as the same shall become due and payable, that unpaid principal of and premium, if any, and interest on the Triple Pledge Bonds shall be payable first from Motor Vehicle Fuel Taxes, and second from other money of the State legally available therefor. In the Bond Act the Legislature has agreed to continue to impose those Motor Vehicle Fuel Taxes in amounts sufficient to pay, when due, the principal and interest on all Series of Triple Pledge Bonds.

(e) Any Motor Vehicle Fuel Taxes required to pay the Triple Pledge Bonds, or the interest thereon when due, shall be taken from that portion of the Motor Vehicle Fund which results from the imposition of Motor Vehicle Fuel Taxes and which is appropriated to WSDOT for state highway purposes, and shall never constitute a charge against any allocations of motor vehicle and special fuels tax revenues to the State, counties, cities, and towns unless the amount arising from Motor Vehicle Fuel Taxes distributed to the State in the Motor Vehicle Fund proves insufficient to meet the requirements for bond retirement or interest on any Triple Pledge Bonds.

(f) The charge on Motor Vehicle Fuel Taxes for payment of Triple Pledge Bonds shall be equal to the charge on 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 Fuel Taxes for the payment of the principal thereof and interest thereon.



**Article V**  
**THE SYSTEM**

**Section 5.01 The System.**

The System initially shall consist of the SR 520 Corridor.

**Section 5.02 Addition of Eligible Toll Facilities to the System.**

The State may designate Additional Eligible Toll Facilities as a part of the System. Upon compliance with the following conditions, those Additional Eligible Toll Facilities shall become a part of the System:

(a) if and to the extent the Legislature has authorized the imposition of tolls on all or a portion of the Additional Eligible Toll Facilities, the Tolling Authority by official action of the Tolling Authority shall have set Tolls on the Additional Eligible Toll Facilities;

(b) if and to the extent the Cost of the Additional Eligible Toll Facilities is to be financed with Bonds issued under and pursuant to this Master Resolution, the Legislature by the enactment of amendments of or supplements to the Bond Act shall have authorized the issuance and sale of those Bonds;

(c) At least one of (i), (ii) or (iii) set forth below shall be satisfied:

(i) there shall be on file with the Committee and the Tolling Authority:

(1) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Toll Revenue with (including the additional Toll Revenue, if any, expected to be generated by those Additional Eligible Toll Facilities) and without the addition of the Additional Eligible Toll Facilities to the System for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the addition of the Additional Eligible Toll Facilities to the System; and

(2) a certificate of the Consulting Engineer stating:

(a) based upon reasonable assumptions, the estimated Operating and Maintenance Expenses with (including the additional Operating and Maintenance Expenses, if any, expected to be required in connection with those Additional Eligible Toll Facilities) and without the addition of the Additional Eligible Toll Facilities to the System for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the addition of the Additional Eligible Toll Facilities to the System; and



- (iii) there shall be on file with the Committee and the Tolling Authority:
  - (1) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Toll Revenue following the addition of the Additional Eligible Toll Facilities to the System (including the additional Toll Revenue, if any, expected to be generated by those Additional Eligible Toll Facilities) for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the addition of the Additional Eligible Toll Facilities to the System;
  - (2) a certificate of the Consulting Engineer stating:
    - (a) based upon reasonable assumptions, the estimated Operating and Maintenance Expenses following the addition of the Additional Eligible Toll Facilities to the System (including the additional Operating and Maintenance Expenses, if any, expected to be required in connection with those Additional Eligible Toll Facilities) for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the addition of the Additional Eligible Toll Facilities to the System; and
    - (b) based upon reasonable assumptions, a projected schedule of deposits to the Repair and Replacement Reserve Subaccount following the addition of the Additional Eligible Toll Facilities to the System (including the additional Repair and Replacement Expenses, if any, expected to be required in connection with those Additional Eligible Toll Facilities) for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following the addition of the Additional Eligible Toll Facilities to the System; and
  - (3) a certificate of the Treasurer Representative stating that, based upon the information contained in the certificates described in Section 5.02(c)(iii)(1) and Section 5.02(c)(iii)(2) above, the projected Net Revenues for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds following addition of the Additional Eligible Toll Facilities to the System will be equal to or greater than (i) 200% of the Annual Debt Service on First Tier Bonds, (ii) 150% of Annual Debt Service on First Tier Bonds and Second Tier Bonds, (iii) 130% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (iv) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds,

Third Tier Bonds and Fourth Tier Bonds in each Fiscal Year, and (v); 100% of the aggregate amount of the required payments described in subsections (b) through (m) of Section 6.12 in the applicable Fiscal Year;

(d) the Committee has been provided evidence that any outstanding indebtedness or other obligations for the repayment of borrowed money relating to those Additional Eligible Toll Facilities is not required to be paid from Toll Revenue or has been duly paid or defeased, unless the State has determined to issue Bonds for the purpose of refinancing all outstanding obligations relating to those Additional Eligible Toll Facilities upon compliance with the provisions of Section 2.09;

(e) the Committee has adopted a resolution approving the designation of the Additional Eligible Toll Facilities as part of the System; and

(f) so long as any Bonds that are Tax-Exempt Bonds or Tax-Advantaged are Outstanding, an Opinion of Bond Counsel to the effect that the addition of the proposed Additional Eligible Toll Facilities to the System will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the receipt of Federal Credit Payments by the State or tax credits by the Beneficial Owners in respect of the Tax-Advantaged Bonds.

## **Article VI**

### **REVENUES AND ACCOUNTS; FLOW OF FUNDS**

#### **Section 6.01 Creation of Accounts**

(a) ***Toll Facilities Account.*** The Toll Facilities Account has been created in the State Treasury, and there are hereby established within that Account the following Subaccounts:

- (i) Operating and Maintenance Reserve Subaccount;
- (ii) Revenue Stabilization Subaccount;
- (iii) Repair and Replacement Reserve Subaccount;
- (iv) Bond Proceeds Subaccount; and
- (v) Deferred Sales Tax Subaccount.

(b) ***Toll Facility Bond Retirement Account.*** The Toll Facility Bond Retirement Account has been created in the State Treasury, and there are hereby established within that Account the following Subaccounts:

- (i) First Tier Debt Service Subaccount;
- (ii) First Tier Common Debt Service Reserve Subaccount;

- (iii) Second Tier Debt Service Subaccount;
- (iv) Second Tier Common Debt Service Reserve Subaccount;
- (v) Third Tier Debt Service Subaccount;
- (vi) Third Tier Common Debt Service Reserve Subaccount;
- (vii) Fourth Tier Debt Service Subaccount; and
- (viii) Fourth Tier Common Debt Service Reserve Subaccount.

(c) *Additional Subaccounts.* The State reserves the right to establish one or more additional subaccounts, and subdivisions within those subaccounts, as the State may deem necessary or useful, which shall include, but not be limited to, Series Debt Service Reserve Subaccounts created pursuant to Bond Sale Resolutions.

(d) *Treatment of Subaccounts and Subdivisions.* Subaccounts, and subdivisions within those subaccounts, created within the Toll Facilities Account or the Toll Facility Bond Retirement Account may be accounted for as separate restricted fund balances or in such other fashion as the State determines is consistent with applicable state law and accounting practices.

#### **Section 6.02 Toll Facilities Account**

All Toll Revenue shall be deposited in the Toll Facilities Account and used in accordance with the provisions of Section 6.12.

#### **Section 6.03 Operating and Maintenance Reserve Subaccount**

Amounts in the Operating and Maintenance Reserve Subaccount shall be used by the State solely to pay Operating and Maintenance Expenses in the event and to the extent that available Toll Revenue is insufficient to pay all Operating and Maintenance Expenses when due. The amount required to be maintained in the Operating and Maintenance Reserve Subaccount shall be an amount equal to six months of budgeted Operating and Maintenance Expenses of the System for the current Fiscal Year as reflected in the System Budget. For the SR 520 Corridor, this amount shall be accumulated in the Operating and Maintenance Reserve Subaccount over a period of twelve months commencing with the third calendar month following the month in which collection of Tolls on the SR 520 Corridor commences, and, for any Additional Eligible Toll Facilities that become part of the System, the additional amount required to be maintained in the Operating and Maintenance Reserve Subaccount as the result of those Additional Eligible Toll Facilities becoming part of the System shall be accumulated in the Operating and Maintenance Reserve Subaccount over a period of twelve months commencing with the third calendar month following the month in which collection of Tolls on the Additional Eligible Toll Facilities commences. The amounts deposited in the Operating and Maintenance Reserve Subaccount are not pledged to Bondholders.

#### **Section 6.04 Revenue Stabilization Subaccount**

Amounts in the Revenue Stabilization Subaccount shall be used by the State to fund costs relating to the System, provide for debt service on Bonds, or for any other System purpose. Within 120 days after the end of each Fiscal Year, the WSDOT Representative, in consultation with the Treasurer Representative, shall determine the amount, if any, that shall be transferred from the Toll Facilities Account to the Revenue Stabilization Subaccount in that Fiscal Year. Within 120 days after the end of each Fiscal Year, the WSDOT Representative, in consultation with the Treasurer Representative, shall determine the amount, if any, that shall be transferred from the Revenue Stabilization Subaccount to the Toll Facilities Account in that Fiscal Year. The State may withdraw any amount from the Revenue Stabilization Subaccount in any Fiscal Year, but any amount withdrawn in excess of 25 percent of Annual Debt Service in that year will not be treated as Toll Revenue received in that Fiscal Year for purposes of calculating Net Revenues. Amounts withdrawn from the Revenue Stabilization Subaccount and deposited in the Toll Facilities Account in any Fiscal Year shall not be treated as Toll Revenue received in that Fiscal Year for the purposes of meeting the tests set forth in Section 2.09, Section 5.02 or Section 7.10. The amounts deposited in the Revenue Stabilization Subaccount are pledged to Bondholders.

#### **Section 6.05 Repair and Replacement Reserve Subaccount**

(a) Amounts in the Repair and Replacement Reserve Subaccount shall be used exclusively for Repair and Replacement Expenses for the System in accordance with WSDOT's then-current capital improvement program and System Budget and any other Repair and Replacement Expenses that must be incurred to restore or maintain a portion of the System in a safe operating condition due to damage as a result of fire, flood, earthquake, other disaster, or otherwise. Amounts to be deposited in the Repair and Replacement Reserve Subaccount shall be determined by WSDOT based on its projected long-term Repair and Replacement Expense needs, in consultation with the Consulting Engineer, and shall be reflected in the System Budget annually. The amount required to be deposited, if any, as determined in accordance with this Section 6.05(a) and as shown in the then-current System Budget, shall be accumulated in the Repair and Replacement Reserve Subaccount over a period of twelve months. The amounts deposited in the Repair and Replacement Reserve Subaccount are not pledged to Bondholders.

(b) If the amount in the Repair and Replacement Reserve Subaccount exceeds the amount required to be deposited and maintained therein determined in accordance with Section 6.05(a), the WSDOT Representative may, at WSDOT's discretion, direct that any excess be applied in accordance with Section 6.12.

#### **Section 6.06 Bond Proceeds Subaccount**

All net proceeds of the sale of each Series of Bonds shall be paid to the State, against receipt therefor, at or prior to the delivery of that Series of Bonds and shall be deposited or delivered into the Bond Proceeds Subaccount.



## **Section 6.07 Deferred Sales Tax Subaccount.**

Amounts in the Deferred Sales Tax Subaccount shall be used to pay Deferred Sales Tax Obligations in accordance with the applicable statute granting a deferral of state and local sales and use taxes for a Project. Deferred Sales Tax Obligations shall be payable not later than the times and in the amounts as provided in RCW 47.01.412 in respect of the SR 520 Corridor Program and as provided in applicable law in respect of other Projects. The amounts deposited in the Deferred Sales Tax Subaccount are not pledged to Bondholders.

## **Section 6.08 First Tier Subaccounts.**

### **(a) *First Tier Debt Service Subaccount***

(i) Amounts in the First Tier Debt Service Subaccount shall be used to pay the principal of and interest on the First Tier Bonds when due in accordance with the terms of the Bond Sale Resolution authorizing the issuance and sale of each Series of First Tier Bonds. However, if so provided in the Bond Sale Resolution creating a Series of First Tier Bonds, while there is a Credit Facility in effect with respect to that Series of First Tier Bonds, amounts in the First Tier Debt Service Subaccount may be used to reimburse the Credit Provider of that Credit Facility for interest, principal or redemption payments, respectively, made to Holders of those First Tier Bonds with funds provided by that Credit Provider to the extent that those reimbursement obligations of the State are secured as First Tier Bonds by this Master Resolution. Amounts in the First Tier Debt Service Subaccount shall be pledged to Holders of First Tier Bonds.

(ii) In the event that on the Business Day preceding any Bond Payment Date the amount in the First Tier Debt Service Subaccount shall be less than the amount required for payment of the interest on and the principal of the Outstanding First Tier Bonds due and payable on that Bond Payment Date, the State shall withdraw the amount necessary to increase the amount on deposit in the First Tier Debt Service Subaccount to the requirement therefor from, in the following order: (1) the First Tier Debt Service Reserve Subaccount, if any, that secures the applicable Series of Bonds; (2) the Revenue Stabilization Subaccount; (3) if the Bonds are Triple Pledge Bonds, the Motor Vehicle Fuel Taxes held in the Motor Vehicle Fund pledged for the payment of Triple Pledge Bonds, and (4) if the Bonds are Triple Pledge Bonds, any money of the State legally available therefor.

(iii) When First Tier Bonds are redeemed or purchased, the amount, if any, in the First Tier Debt Service Subaccount available to pay interest thereon shall be applied to the payment of accrued interest in connection with that redemption or purchase. Whenever the aggregate amount in the First Tier Debt Service Subaccount and the First Tier Debt Service Reserve Subaccounts is sufficient to redeem all of the Outstanding First Tier Bonds and to pay interest accrued to the redemption date, the State shall redeem all First Tier Bonds on the applicable redemption date. Any amounts remaining in the First Tier Debt Service Subaccount and the First Tier Debt Service Reserve Subaccounts after payment in full of the principal or redemption price, premium, if any, and interest on the First Tier Bonds (or provision for payment thereof) shall be paid to the Toll Facilities Account.

**(b) *First Tier Debt Service Reserve Subaccounts***

**(i)** Pursuant to any Bond Sale Resolution providing for the issuance of a Series of First Tier Bonds, the Committee may:

- (1)** provide that the Series will be secured by the First Tier Common Debt Service Reserve Subaccount,
- (2)** establish a Series Debt Service Reserve Subaccount, which shall have its own Debt Service Reserve Requirement, and provide that the Series will be secured by that Series Debt Service Reserve Subaccount, or
- (3)** provide that the Series will not be secured by any Debt Service Reserve Subaccount.

**(ii)** Subject to the provisions of Section 6.08(a), amounts in a First Tier Debt Service Reserve Subaccount shall be used to pay debt service on the First Tier Bonds secured by that First Tier Debt Service Reserve Subaccount on the date such debt service is due when sufficient funds for that purpose are not available in the First Tier Debt Service Subaccount. Amounts in a First Tier Debt Service Reserve Subaccount shall be pledged to Holders of First Tier Bonds in accordance with Section 6.08(b)(i) and as set forth in the applicable Bond Sale Resolution for each Series of First Tier Bonds.

**(iii)** In lieu of or in addition to cash or investments, at any time the State may cause to be deposited to the credit of a First Tier Debt Service Reserve Subaccount any form of Credit Facility, in an amount up to the related Debt Service Reserve Requirement, irrevocably payable to the State as beneficiary for the Holders of the First Tier Bonds secured by that First Tier Debt Service Reserve Subaccount, provided that the State Treasurer has received evidence satisfactory to it that (1) at the time of the initial delivery of the Credit Facility the Credit Provider has a credit rating in one of the two highest credit rating categories by two Rating Agencies, (2) the obligation of the State to pay the fees of and to reimburse the Credit Provider is subordinate to its obligation to pay debt service on the First Tier Bonds, (3) the term of the Credit Facility is at least 24 months, (4) except as provided in the next sentence of this subsection, the only condition to a drawing under the Credit Facility is insufficient amounts in the First Tier Debt Service Subaccount when needed to pay debt service on the First Tier Bonds secured by that First Tier Debt Service Reserve Subaccount or the expiration of the Credit Facility, and (5) the Credit Provider shall notify the State at least 18 months prior to expiration of the Credit Facility. If (A) the State receives an expiration notice with respect to the Credit Facility and the Credit Provider does not extend the expiration date of the Credit Facility or (B) the State receives notice of the termination of the Credit Facility, the State shall (X) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (Y) deposit the applicable Debt Service Reserve Requirement to that First Tier Debt Service Reserve Subaccount (1) in the manner provided in the Bond Sale Resolution pursuant to which the relevant First Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, or (Z) draw on the Credit Facility in the amount of the related Debt Service Reserve Requirement (1) in the manner provided in the Bond Sale Resolution pursuant

to which the relevant First Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, and deposit those draw proceeds in the First Tier Debt Service Reserve Subaccount.

(iv) Amounts, if any, released from a First Tier Debt Service Reserve Subaccount upon deposit to the credit of that First Tier Debt Service Reserve Subaccount of a Credit Facility pursuant to subsection (iii) of this section shall, upon designation by the WSDOT Representative, accompanied by an Opinion of Bond Counsel that such use will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds secured by the relevant First Tier Debt Service Reserve Subaccount that are Tax-Exempt Bonds or the receipt of Federal Credit Payments by the State or federal tax credits by the Beneficial Owners in respect of any Bonds secured by the relevant First Tier Debt Service Reserve Subaccount that are Tax-Advantaged Bonds, be transferred (1) to the First Tier Debt Service Subaccount and used to pay principal of or to redeem those First Tier Bonds or (2) to the Bond Proceeds Subaccount with respect to the applicable Series of First Tier Bonds, and used for payment of Costs of the Project financed by that Series.

(v) In the event that the State has withdrawn money from, or drawn on a Credit Facility in, a First Tier Debt Service Reserve Subaccount for the purpose of paying principal and interest on the First Tier Bonds when due, the State shall replenish the amount on deposit, or reinstate the Credit Facility, in the applicable First Tier Debt Service Reserve Subaccount in accordance with Section 6.12 until the amount therein is equal to the Debt Service Reserve Requirement for First Tier Bonds to which that First Tier Debt Service Reserve Subaccount is pledged.

#### **Section 6.09 Second Tier Subaccounts.**

##### **(a) *Second Tier Debt Service Subaccount***

(i) Amounts in the Second Tier Debt Service Subaccount shall be used to pay the principal of and interest on the Second Tier Bonds when due in accordance with the terms of the Bond Sale Resolution creating each Series of Second Tier Bonds. However, if so provided in the Bond Sale Resolution creating a Series of Second Tier Bonds, while there is a Credit Facility in effect with respect to that Series of Second Tier Bonds, amounts in the Second Tier Debt Service Subaccount may be used to reimburse the Credit Provider of that Credit Facility for interest, principal or redemption payments, respectively, made to Holders of those Second Tier Bonds with funds provided by that Credit Provider to the extent that those reimbursement obligations of the State are secured as Second Tier Bonds by this Master Resolution. Amounts in the Second Tier Debt Service Subaccount shall be pledged to Holders of Second Tier Bonds.

(ii) In the event that on the Business Day preceding any Bond Payment Date the amount in the Second Tier Debt Service Subaccount shall be less than the amount required for payment of the interest on and the principal of the Outstanding Second Tier Bonds due and payable on that Bond Payment Date, the State shall withdraw the amount necessary to increase the amount on deposit in the Second Tier Debt Service Subaccount to the requirement therefor from, in the following order: (1) the Second Tier Debt Service Reserve Subaccount, if any, that secures the applicable Series of Bonds; (2) the Revenue Stabilization Subaccount; (3) if the

Bonds are Triple Pledge Bonds, the Motor Vehicle Fuel Taxes held in the Motor Vehicle Fund pledged for the payment of Triple Pledge Bonds, and (4) if the Bonds are Triple Pledge Bonds, any money of the State legally available therefor.

(iii) When Second Tier Bonds are redeemed or purchased, the amount, if any, in the Second Tier Debt Service Subaccount available to pay interest thereon shall be applied to the payment of accrued interest in connection with that redemption or purchase. Whenever the aggregate amount in the Second Tier Debt Service Subaccount and the Second Tier Debt Service Reserve Subaccounts is sufficient to redeem all of the Outstanding Second Tier Bonds and to pay interest accrued to the redemption date, the State shall redeem all Second Tier Bonds on the applicable redemption date. Any amounts remaining in the Second Tier Debt Service Subaccount and the Second Tier Debt Service Reserve Subaccounts after payment in full of the principal or redemption price, premium, if any, and interest on the Second Tier Bonds (or provision for payment thereof) and the fees, charges and expenses of the State, including all amounts owed to the Credit Providers, if any, and the Bond Registrar, shall be paid to the Toll Facilities Account.

(b) *Second Tier Debt Service Reserve Subaccounts*

(i) Pursuant to any Bond Sale Resolution providing for the issuance of a Series of Second Tier Bonds, the Committee may:

- (1) provide that the Series will be secured by the Second Tier Common Debt Service Reserve Subaccount,
- (2) establish a Series Debt Service Reserve Subaccount, which shall have its own Debt Service Reserve Requirement, and provide that the Series will be secured by that Series Debt Service Reserve Subaccount, or
- (3) provide that the Series will not be secured by any Debt Service Reserve Subaccount.

(ii) Subject to the provisions of Section 6.09(a), amounts in a Second Tier Debt Service Reserve Subaccount shall be used to pay debt service on the Second Tier Bonds secured by that Second Tier Debt Service Subaccount on the date such debt service is due when sufficient funds for that purpose are not available in the Second Tier Debt Service Subaccount. Amounts in a Second Tier Debt Service Reserve Subaccount shall be pledged to Holders of Second Tier Bonds in accordance with Section 6.09(b)(i) and as set forth in the applicable Bond Sale Resolution for each Series of Second Tier Bonds.

(iii) In lieu of or in addition to cash or investments, at any time the State may cause to be deposited to the credit of a Second Tier Debt Service Reserve Subaccount any form of Credit Facility, in an amount up to the related Debt Service Reserve Requirement, irrevocably payable to the State as beneficiary for the Holders of the Second Tier Bonds secured by that Second Tier Debt Service Reserve Subaccount, provided that the State Treasurer has received evidence satisfactory to it that (1) at the time of the initial delivery of the Credit Facility the Credit Provider has a credit rating in one of the two highest credit rating categories by two Rating Agencies, (2) the obligation of the State to pay the fees of and to reimburse the Credit

Provider is subordinate to its obligation to pay debt service on the Second Tier Bonds, (3) the term of the Credit Facility is at least 24 months, (4) except as provided in the next sentence of this subsection, the only condition to a drawing under the Credit Facility is insufficient amounts in the Second Tier Debt Service Subaccount when needed to pay debt service on the Second Tier Bonds secured by that Second Tier Debt Service Reserve Subaccount or the expiration of the Credit Facility, and (5) the Credit Provider shall notify the State at least 18 months prior to expiration of the Credit Facility. If (A) the State receives an expiration notice with respect to the Credit Facility and the Credit Provider does not extend the expiration date of the Credit Facility or (B) the State receives notice of the termination of the Credit Facility, the State shall (X) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (Y) deposit the applicable Debt Service Reserve Requirement to that Second Tier Debt Service Reserve Subaccount (1) in the manner provided in the Bond Sale Resolution pursuant to which such Second Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, or (Z) draw on the Credit Facility in the amount of the related Debt Service Reserve Requirement (1) in the manner provided in the Bond Sale Resolution pursuant to which such Second Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, and deposit those draw proceeds in the Second Tier Debt Service Reserve Subaccount.

(iv) Amounts, if any, released from a Second Tier Debt Service Reserve Subaccount upon deposit to the credit of that Second Tier Debt Service Reserve Subaccount of a Credit Facility pursuant to subsection (iii) of this section shall, upon designation by the WSDOT Representative, accompanied by an Opinion of Bond Counsel that such use will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds secured by the relevant Second Tier Debt Service Reserve Subaccount that are Tax-Exempt Bonds or the receipt of Federal Credit Payments by the State or federal tax credits by the Beneficial Owners in respect of any Bonds secured by the relevant Second Tier Debt Service Reserve Subaccount that are Tax-Advantaged Bonds, be transferred (1) to the Second Tier Debt Service Subaccount and used to pay principal of or to redeem those Second Tier Bonds or (2) to the Bond Proceeds Subaccount with respect the applicable Series of Second Tier Bonds, and used for payment of Costs of the Project financed by that Series.

(v) In the event that the State has withdrawn money from, or drawn on a Credit Facility in, a Second Tier Debt Service Reserve Subaccount for the purpose of paying principal and interest on the Second Tier Bonds when due, the State shall replenish the amount on deposit, or reinstate the Credit Facility, in the applicable Second Tier Debt Service Reserve Subaccount in accordance with Section 6.12 until such amount is equal to the Debt Service Reserve Requirement for Second Tier Bonds to which that Second Tier Debt Service Reserve Subaccount is pledged.

### **Section 6.10 Third Tier Subaccounts**

#### **(a) *Third Tier Debt Service Subaccount***

(i) Amounts in the Third Tier Debt Service Subaccount shall be used to pay the principal of and interest on the Third Tier Bonds when due in accordance with the terms of the Bond Sale Resolution creating each Series of Third Tier Bonds. However, if so provided in



the Bond Sale Resolution creating a Series of Third Tier Bonds, while there is a Credit Facility in effect with respect to that Series of Third Tier Bonds, amounts in the Third Tier Debt Service Subaccount may be used to reimburse the Credit Provider of that Credit Facility for interest, principal or redemption payments, respectively, made to Holders of those Third Tier Bonds with funds provided by that Credit Provider to the extent that those reimbursement obligations of the State are secured as Third Tier Bonds by this Master Resolution. Amounts in the Third Tier Debt Service Subaccount shall be pledged to Holders of Third Tier Bonds.

(ii) In the event that on the Business Day preceding any Bond Payment Date the amount in the Third Tier Debt Service Subaccount shall be less than the amount required for payment of the interest on and the principal of the Outstanding Third Tier Bonds due and payable on that Bond Payment Date, the State shall withdraw the amount necessary to increase the amount on deposit in the Third Tier Debt Service Subaccount to the requirement therefor from, in the following order: (1) the Third Tier Debt Service Reserve Subaccount, if any, that secures the applicable Series of Bonds; (2) the Revenue Stabilization Subaccount; (3) if the Bonds are Triple Pledge Bonds, the Motor Vehicle Fuel Taxes held in the Motor Vehicle Fund pledged for the payment of Triple Pledge Bonds, and (4) if the Bonds are Triple Pledge Bonds, any money of the State legally available therefor.

(iii) When Third Tier Bonds are redeemed or purchased, the amount, if any, in the Third Tier Debt Service Subaccount available to pay interest thereon shall be applied to the payment of accrued interest in connection with that redemption or purchase. Whenever the aggregate amount in the Third Tier Debt Service Subaccount and the Third Tier Debt Service Reserve Subaccounts is sufficient to redeem all of the Outstanding Third Tier Bonds and to pay interest accrued to the redemption date, the State shall redeem all Third Tier Bonds on the applicable redemption date. Any amounts remaining in the Third Tier Debt Service Subaccount and the Third Tier Debt Service Reserve Subaccounts after payment in full of the principal or redemption price, premium, if any, and interest on the Third Tier Bonds (or provision for payment thereof) and the fees, charges and expenses of the State, including all amounts owed to the Credit Providers, if any, and the Bond Registrar, shall be paid to the Toll Facilities Account.

(b) *Third Tier Debt Service Reserve Subaccounts*

(i) Pursuant to any Bond Sale Resolution providing for the issuance of a Series of Third Tier Bonds, the Committee may:

- (1) provide that the Series will be secured by the Third Tier Common Debt Service Reserve Subaccount,
- (2) establish a Series Debt Service Reserve Subaccount, which shall have its own Debt Service Reserve Requirement, and provide that the Series will be secured by that Series Debt Service Reserve Subaccount, or
- (3) provide that the Series will not be secured by any Debt Service Reserve Subaccount.



(ii) Subject to the provisions of Section 6.10(a), amounts in a Third Tier Debt Service Reserve Subaccount shall be used to pay debt service on the Third Tier Bonds secured by that Third Tier Debt Service Reserve Subaccount on the date such debt service is due when sufficient funds for that purpose are not available in the Third Tier Debt Service Subaccount. Amounts in a Third Tier Debt Service Reserve Subaccount shall be pledged to Holders of Third Tier Bonds in accordance with Section 6.10(a)(i) and as set forth in the applicable Bond Sale Resolution for each Series of Third Tier Bonds.

(iii) In lieu of or in addition to cash or investments, at any time the State may cause to be deposited to the credit of a Third Tier Debt Service Reserve Subaccount any form of Credit Facility, in an amount up to the related Debt Service Reserve Requirement, irrevocably payable to the State as beneficiary for the Holders of the Third Tier Bonds secured by that Third Tier Debt Service Reserve Subaccount, provided that the State Treasurer has received evidence satisfactory to it that (1) at the time of the initial delivery of the Credit Facility the Credit Provider has a credit rating in one of the two highest credit rating categories by two Rating Agencies, (2) the obligation of the State to pay the fees of and to reimburse the Credit Provider is subordinate to its obligation to pay debt service on the Third Tier Bonds, (3) the term of the Credit Facility is at least 24 months, (4) except as provided in the next sentence of this subsection, the only condition to a drawing under the Credit Facility is insufficient amounts in the Third Tier Debt Service Subaccount when needed to pay debt service on the Third Tier Bonds secured by that Third Tier Debt Service Reserve Subaccount or the expiration of the Credit Facility, and (5) the Credit Provider shall notify the State at least 18 months prior to expiration of the Credit Facility. If (A) the State receives an expiration notice with respect to the Credit Facility and the Credit Provider does not extend the expiration date of the Credit Facility or (B) the State receives notice of the termination of the Credit Facility, the State shall (X) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (Y) deposit the applicable Debt Service Reserve Requirement to that Third Tier Debt Service Reserve Subaccount (1) in the manner provided in the Bond Sale Resolution pursuant to which such Third Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, or (Z) draw on the Credit Facility in the amount of the related Debt Service Reserve Requirement (1) in the manner provided in the Bond Sale Resolution pursuant to which such Third Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, and deposit those draw proceeds in the Third Tier Debt Service Reserve Subaccount.

(iv) Amounts, if any, released from a Third Tier Debt Service Reserve Subaccount upon deposit to the credit of that Third Tier Debt Service Reserve Subaccount of a Credit Facility pursuant to subsection (iii) of this section shall, upon designation by the WSDOT Representative, accompanied by an Opinion of Bond Counsel that such use will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds secured by the relevant Third Tier Debt Service Reserve Subaccount that are Tax-Exempt Bonds or the receipt of Federal Credit Payments by the State or federal tax credits by the Beneficial Owners in respect of any Bonds secured by the relevant Third Tier Debt Service Reserve Subaccount that are Tax-Advantaged Bonds, be transferred (1) to the Third Tier Debt Service Subaccount and used to pay principal of or to redeem those Third Tier Bonds or (2) to the Bond Proceeds Subaccount with respect to the applicable Series of Third Tier Bonds, and used for payment of Costs of the Project financed by that Series.

(v) In the event that the State has withdrawn money from, or drawn on a Credit Facility in, a Third Tier Debt Service Reserve Subaccount for the purpose of paying principal and interest on the Third Tier Bonds when due, the State shall replenish the amount on deposit, or reinstate the Credit Facility, in the applicable Third Tier Debt Service Reserve Subaccount in accordance with Section 6.12 until such amount is equal to the Debt Service Reserve Requirement for Third Tier Bonds to which that Third Tier Debt Service Reserve Subaccount is pledged.

#### **Section 6.11 Fourth Tier Subaccounts**

##### **(a) *Fourth Tier Debt Service Subaccount***

(i) Amounts in the Fourth Tier Debt Service Subaccount shall be used to pay the principal of and interest on the Fourth Tier Bonds when due in accordance with the terms of the Bond Sale Resolution creating each Series of Fourth Tier Bonds. However, if so provided in the Bond Sale Resolution creating a Series of Fourth Tier Bonds, while there is a Credit Facility in effect with respect to that Series of Fourth Tier Bonds, amounts in the Fourth Tier Debt Service Subaccount may be used to reimburse the Credit Provider of that Credit Facility for interest, principal or redemption payments, respectively, made to Holders of those Fourth Tier Bonds with funds provided by that Credit Provider to the extent that those reimbursement obligations of the State are secured as Fourth Tier Bonds by this Master Resolution. Amounts in the Fourth Tier Debt Service Subaccount shall be pledged to Holders of Fourth Tier Bonds.

(ii) In the event that on the Business Day preceding any Bond Payment Date the amount in the Fourth Tier Debt Service Subaccount shall be less than the amount required for payment of the interest on and the principal of the Outstanding Fourth Tier Bonds due and payable on that Bond Payment Date, the State shall withdraw the amount necessary to increase the amount on deposit in the Fourth Tier Debt Service Subaccount to the requirement therefor from, in the following order: (1) the Fourth Tier Debt Service Reserve Subaccount, if any, that secures the applicable Series of Bonds; (2) the Revenue Stabilization Subaccount; (3) if the Bonds are Triple Pledge Bonds, the Motor Vehicle Fuel Taxes held in the Motor Vehicle Fund pledged for the payment of Triple Pledge Bonds, and (4) if the Bonds are Triple Pledge Bonds, any money of the State legally available therefor.

(iii) When Fourth Tier Bonds are redeemed or purchased, the amount, if any, in the Fourth Tier Debt Service Subaccount available to pay interest thereon shall be applied to the payment of accrued interest in connection with that redemption or purchase. Whenever the aggregate amount in the Fourth Tier Debt Service Subaccount and the Fourth Tier Debt Service Reserve Subaccounts is sufficient to redeem all of the Outstanding Fourth Tier Bonds and to pay interest accrued to the redemption date, the State shall redeem all such Fourth Tier Bonds on the applicable redemption date. Any amounts remaining in the Fourth Tier Debt Service Subaccount and the Fourth Tier Debt Service Reserve Subaccounts after payment in full of the principal or redemption price, premium, if any, and interest on the Fourth Tier Bonds (or provision for payment thereof) and the fees, charges and expenses of the State, including all amounts owed to the Credit Providers, if any, and the Bond Registrar, shall be paid to the Toll Facilities Account.

**(b) *Fourth Tier Debt Service Reserve Subaccounts***

**(i)** Pursuant to any Bond Sale Resolution providing for the issuance of a Series of Fourth Tier Bonds, the Committee may:

- (1)** provide that the Series will be secured by the Fourth Tier Common Debt Service Reserve Subaccount,
- (2)** establish a Series Debt Service Reserve Subaccount, which shall have its own Debt Service Reserve Requirement, and provide that the Series will be secured by that Series Debt Service Reserve Subaccount, or
- (3)** provide that the Series will not be secured by any Debt Service Reserve Subaccount.

**(ii)** Subject to the provisions of Section 6.11(a), amounts in a Fourth Tier Debt Service Reserve Subaccount shall be used to pay debt service on the Fourth Tier Bonds secured by that Fourth Tier Debt Service Reserve Subaccount on the date such debt service is due when sufficient funds for that purpose are not available in the Fourth Tier Debt Service Subaccount. Amounts in the Fourth Tier Debt Service Reserve Subaccount shall be pledged to Holders of Fourth Tier Bonds in accordance with Section 6.11(b)(i) and as set forth in the applicable Bond Sale Resolution for each Series of Fourth Tier Bonds

**(iii)** In lieu of or in addition to cash or investments, at any time the State may cause to be deposited to the credit of a Fourth Tier Debt Service Reserve Subaccount any form of Credit Facility, in an amount up to the related Debt Service Reserve Requirement, irrevocably payable to the State as beneficiary for the Holders of the Fourth Tier Bonds secured by that Fourth Tier Debt Service Reserve Subaccount, provided that the State Treasurer has received evidence satisfactory to it that (1) at the time of the initial delivery of the Credit Facility the Credit Provider has a credit rating in one of the two highest credit rating categories by two Rating Agencies, (2) the obligation of the State to pay the fees of and to reimburse the Credit Provider is subordinate to its obligation to pay debt service on the Fourth Tier Bonds, (3) the term of the Credit Facility is at least 24 months, (4) except as provided in the next sentence of this subsection, the only condition to a drawing under the Credit Facility is insufficient amounts in the Fourth Tier Debt Service Subaccount when needed to pay debt service on the Fourth Tier Bonds secured by that Fourth Tier Debt Service Reserve Subaccount or the expiration of the Credit Facility, and (5) the Credit Provider shall notify the State at least 18 months prior to expiration of the Credit Facility. If (A) the State receives an expiration notice with respect to the Credit Facility and the Credit Provider does not extend the expiration date of the Credit Facility or (B) the State receives notice of the termination of the Credit Facility, the State shall (X) provide a substitute Credit Facility that meets the requirements set forth in the foregoing sentences, (Y) deposit the applicable Debt Service Reserve Requirement to that Fourth Tier Debt Service Reserve Subaccount (1) in the manner provided in the Bond Sale Resolution pursuant to which such Fourth Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, or (Z) draw on the Credit Facility in the amount of the related Debt Service Reserve Requirement (1) in the manner provided in the Bond Sale Resolution

pursuant to which such Fourth Tier Bonds are issued, or (2) prior to the termination date in the case of receipt of a termination notice, and deposit those draw proceeds in the Fourth Tier Debt Service Reserve Subaccount.

(iv) Amounts, if any, released from a Fourth Tier Debt Service Reserve Subaccount upon deposit to the credit of that Fourth Tier Debt Service Reserve Subaccount of a Credit Facility pursuant to subsection (iii) of this section shall, upon designation by the WSDOT Representative, accompanied by an Opinion of Bond Counsel that such use will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bonds secured by the relevant Fourth Tier Debt Service Reserve Subaccount that are Tax-Exempt Bonds or the receipt of Federal Credit Payments by the State or federal tax credits by the Beneficial Owners in respect of any Bonds secured by the relevant Fourth Tier Debt Service Reserve Subaccount that are Tax-Advantaged Bonds, be transferred (1) to the Fourth Tier Debt Service Subaccount and used to pay principal of or to redeem those Fourth Tier Bonds or (2) to the Bond Proceeds Subaccount with respect to the applicable Series of Fourth Tier Bonds, and used for payment of Costs of the Project financed by that Series.

(v) In the event that the State has withdrawn money from, or drawn on a Credit Facility in, a Fourth Tier Debt Service Reserve Subaccount for the purpose of paying principal and interest on the Fourth Tier Bonds when due, the State shall replenish the amount on deposit, or reinstate the Credit Facility, in the applicable the Fourth Tier Debt Service Reserve Subaccount in accordance with Section 6.12 until such amount is equal to the Debt Service Reserve Requirement for Fourth Tier Bonds to which that Fourth Tier Debt Service Reserve Subaccount is pledged.

### **Section 6.12 Flow of Funds**

Amounts in the Toll Facilities Account shall be applied solely for the purposes, in the amounts, and at the times set forth in this Section 6.12. Each month, the State shall make payments and transfer or reserve funds, as applicable, in the order of priority set forth below, but as to each purpose, only within the limitations with respect thereto and only after payment has been brought current for every preceding purpose described in the following listing. To the extent that amounts available in the Toll Facilities Account are sufficient only to partially provide for one the purposes described in (b), (c), (d), (e), (f), (g), (h), or (i), the available amount shall be allocated on a pro rata basis among the Series of Bonds in the applicable Tier. For purposes of this Section 6.12, Accreted Value shall be treated as “principal.”

(a) Each month, to pay the Operating and Maintenance Expenses.

(b) On or before the last Business Day of each calendar month, to the First Tier Debt Service Subaccount, the following amounts with respect to each Series of First Tier Bonds, taking into account amounts already on deposit therein:

(i) If interest (or Hedge Payments) on the Series of First Tier Bonds is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on that Series of First Tier Bonds on the next succeeding Bond Interest Payment Date for that Series;

(ii) If interest (or Hedge Payments) on the Series of First Tier Bonds is payable semiannually, an amount equal to one-sixth of the amount of interest coming due on that Series of First Tier Bonds in the next succeeding six months; and

(iii) One-twelfth of the principal of the Series of First Tier Bonds coming due in the next succeeding twelve months by reason of mandatory sinking fund redemption or maturity.

Notwithstanding the foregoing, with respect to (ii) and (iii) above, installments of interest, Hedge Payments or principal, as applicable, with respect to the amounts due on the first Bond Interest Payment Date or Bond Principal Payment Date for a Series may be adjusted as set forth in the applicable Bond Sale Resolution.

(c) On or before the last Business Day of each calendar month, to the First Tier Debt Service Reserve Subaccounts the amount, if any, necessary to restore the amounts on deposit therein to the applicable Debt Service Reserve Requirement(s), or to reimburse a Credit Provider for the draw on a Credit Facility in the First Tier Debt Service Reserve Subaccount; provided that such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose.

(d) On or before the last Business Day of each calendar month, to the Second Tier Debt Service Subaccount, the following amounts with respect to each Series of Second Tier Bonds, taking into account amounts already on deposit therein:

(i) If interest (or Hedge Payments) on the Series of Second Tier Bonds is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on that Series of Second Tier Bonds on the next succeeding Bond Interest Payment Date for that Series;

(ii) If interest (or Hedge Payments) on the Series of Second Tier Bonds is payable semiannually, an amount equal to one-sixth of the amount of interest (or Hedge Payments) coming due on that Series in the next succeeding six months; and

(iii) One-twelfth of the principal of the Series of Second Tier Bonds coming due in the next succeeding twelve months by reason of mandatory sinking fund redemption or maturity.

Notwithstanding the foregoing, with respect to (ii) and (iii) above, installments of interest, Hedge Payments or principal, as applicable, with respect to the amounts due on the first Bond Interest Payment Date or Bond Principal Payment Date for a Series may be adjusted as set forth in the applicable Bond Sale Resolution.

(e) On or before the last Business Day of each calendar month, to the Second Tier Debt Service Reserve Subaccounts the amount, if any, necessary to restore the amounts on deposit therein to the applicable Debt Service Reserve Requirement(s), or to reimburse a Credit Provider for the draw on a Credit Facility in the Second Tier Debt Service Reserve Subaccount; provided that such amount shall be deposited in 12 equal, consecutive, monthly installments, the



first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose.

**(f)** On or before the last Business Day of each calendar month, to the Third Tier Debt Service Subaccount, the following amounts with respect to each Series of Third Tier Bonds, taking into account amounts already on deposit therein:

**(i)** If interest (or Hedge Payments) on the Series of Third Tier Bonds is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on that Series of Third Tier Bonds on the next succeeding Bond Interest Payment Date for that Series;

**(ii)** If interest (or Hedge Payments) on the Series of Third Tier Bonds is payable semiannually, an amount equal to one-sixth of the amount of interest (or Hedge Payments) coming due on that Series in the next succeeding six months; and

**(iii)** One-twelfth of the principal of the Series of Third Tier Bonds coming due in the next succeeding twelve months by reason of mandatory sinking fund redemption or maturity.

Notwithstanding the foregoing, with respect to (ii) and (iii) above, installments of interest, Hedge Payments or principal, as applicable, with respect to the amounts due on the first Bond Interest Payment Date or Bond Principal Payment Date for a Series may be adjusted as set forth in the applicable Bond Sale Resolution.

**(g)** On or before the last Business Day of each calendar month, to the Third Tier Debt Service Reserve Subaccounts the amount, if any, necessary to restore the amounts on deposit therein to the applicable Debt Service Reserve Requirement(s), or to reimburse a Credit Provider for the draw on a Credit Facility in the Third Tier Debt Service Reserve Subaccount; provided that such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose.

**(h)** On or before the last Business Day of each calendar month, to the Fourth Tier Debt Service Subaccount, the following amounts with respect to each Series of Fourth Tier Bonds, taking into account amounts already on deposit therein:

**(i)** If interest (or Hedge Payments) on the Series of Fourth Tier Bonds is payable monthly, an amount equal to the interest (or Hedge Payments) coming due on that Series of Fourth Tier Bonds on the next succeeding Bond Interest Payment Date for that Series;

**(ii)** If interest (or Hedge Payments) on the Series of Fourth Tier Bonds is payable semiannually, an amount equal to one-sixth of the amount of interest (or Hedge Payments) coming due on such Series of Fourth Tier Bonds in the next succeeding six months; and

**(iii)** One-twelfth of the principal of the Series of Fourth Tier Bonds coming due in the next succeeding twelve months by reason of mandatory sinking fund redemption or maturity.



Notwithstanding the foregoing, with respect to (ii) and (iii) above, installments of interest, Hedge Payments or principal, as applicable, with respect to the amounts due on the first Bond Interest Payment Date or Bond Principal Payment Date for a Series may be adjusted as set forth in the applicable Bond Sale Resolution.

(i) On or before the last Business Day of each calendar month, to the Fourth Tier Debt Service Reserve Subaccounts the amount, if any, necessary to restore the amounts on deposit therein to the applicable Debt Service Reserve Requirement(s), or to reimburse a Credit Provider for the draw on a Credit Facility in the Fourth Tier Debt Service Reserve Subaccount; provided that such amount shall be deposited in 12 equal, consecutive, monthly installments, the first such installment to be due in the calendar month next succeeding the month in which the applicable deficiency arose.

(j) On or before the last Business Day of each calendar month, to the Operating and Maintenance Reserve Subaccount, an amount necessary to maintain a balance therein equal to the amount determined in accordance with Section 6.03.

(k) On or before the last Business Day of each calendar month, to the Deferred Sales Tax Subaccount one-twelfth of the amount required to be deposited, taking into account the balance on deposit in the Deferred Sales Tax Subaccount, in the next twelve months in order to amortize each Deferred Sales Tax Obligation not less rapidly than required by the applicable statute granting a deferral of state and local sales and use taxes for a Project and otherwise in compliance with a Deferred Sales Tax Obligation amortization plan set forth in the initial Bond Sale Resolution for the financing of the applicable Project.

(l) On or before the last Business Day of each calendar month, to the Motor Vehicle Fund the amount, if any, required to repay the Motor Vehicle Fuel Taxes that have been used to date to pay principal of and interest on any Triple Pledge Bonds in accordance with Section 7.01(c)(iv).

(m) On or before the last Business Day of each calendar month, to the Repair and Replacement Reserve Subaccount, the amount, if any, equal to one-twelfth of the amount therefor set forth in the annual System Budget, as determined in accordance with Section 6.05.

(n) Within 120 days after the end of each Fiscal Year, to the Revenue Stabilization Subaccount the amount, if any, to be deposited therein pursuant to Section 6.04.

(o) Each month, funds for the construction and completion of the SR 520 Corridor Program and any other Project financed with Bonds in conformity with law, as reflected in the System Budget and approved by the WSDOT Representative.

(p) To any proper purpose of the System.

### **Section 6.13 Payment Procedures**

(a) On or before June 30 of each year, the Committee shall provide a certificate to the State Treasurer stating the amount of Toll Revenue and Motor Vehicle Fuel Taxes, if any, that will be required to pay principal of and interest on the Outstanding Bonds in the next Fiscal

Year. The amount of Toll Revenue and Motor Vehicle Fuel Taxes, if any, required in connection with the payments due prior to the start of the next Fiscal Year shall be identified in a certificate within thirty days following the date of sale of a Series of Bonds. The State Treasurer, subject to the applicable provisions of the Bond Act, shall withdraw revenues from the Toll Facilities Account and, if required, from the Motor Vehicle Fund, and deposit in the applicable subaccounts in the Toll Facility Bond Retirement Account on or before each Bond Payment Date such amounts as are required to pay debt service on the Outstanding Bonds.

(b) Any amounts received from the Federal government as Federal Credit Payments with respect to Bonds issued as Tax-Advantaged Bonds shall be deposited in the related Debt Service Subaccount.

(c) On or before the date payments are due, the State Treasurer shall pay to the Bond Registrar, from money in the Toll Facility Bond Retirement Account, sums sufficient to pay the principal of and interest coming due on Bonds then Outstanding. For purposes of this Section 6.13, 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 Toll Facility Bond Retirement Account 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 Article III of this Master Resolution.

(d) Any surplus money in the Toll Facility Bond Retirement Account may, in the discretion of the Committee, be used to redeem or purchase in the open market any Bonds payable from the Toll Facility Bond Retirement Account (subject to applicable bond covenants) prior to scheduled maturities or may remain in the Toll Facility Bond Retirement Account to reduce the transfers to the Toll Facility Bond Retirement Account, of Toll Revenue and Motor Vehicle Fuel Taxes, if any, otherwise required to pay Annual Debt Service on Outstanding Bonds.

#### **Section 6.14 Investment of Funds.**

All money in the various accounts and subaccounts created under this Article VI must be invested in legal investments of the State.

### **Article VII BOND COVENANTS**

#### **Section 7.01 Establishment and Collection of Tolls**

The State, acting by and through the Tolling Authority, covenants to set and adjust the Toll Rate Schedule and maintain Tolls on the SR 520 Corridor and on any Additional Eligible Toll Facilities at rates that will generate Toll Revenue sufficient to pay Operating and Maintenance Expenses; to pay, when due, the principal of and interest on all Outstanding Bonds; and to meet the State's financial and other covenants under this Master Resolution and applicable law.

The Committee on behalf of the State pledges that the State shall continue in effect and not impair or withdraw the power delegated to the Tolling Authority to set, adjust and maintain Tolls on the System of Eligible Toll Facilities as provided in this Master Resolution and in the Toll Facilities Act, including the specific provisions of RCW 47.56.850 in effect as of the date of this Master Resolution, as set forth below:

(a) Set toll rates, establish appropriate exemptions, if any, and make adjustments as conditions warrant on Eligible Toll Facilities.

(b) Review toll collection policies, toll operations policies, and toll revenue expenditures on the Eligible Toll Facilities and report annually on this review to the Legislature.

(c) In setting and periodically adjusting toll rates, the Tolling Authority shall ensure that toll rates will generate revenue at least sufficient to:

(i) Provide for the Operating and Maintenance Expenses of the Eligible Toll Facilities;

(ii) Meet obligations for the timely deposit of required amounts into the Debt Service Subaccounts and timely payment of debt service on Bonds issued for Eligible Toll Facilities (including Hedge Payments), and for any other associated financing costs including, but not limited to, Debt Service Reserve Requirements, the minimum debt coverage covenants of Section 7.02, deposits into the Operating and Maintenance Reserve Subaccount and the Repair and Replacement Reserve Subaccount, and other payments required to comply with all financial and other covenants made by the State in this Master Resolution, in any Bond Sale Resolution and in other proceedings related to the issuance of Bonds;

(iii) Meet other anticipated funding obligations of the System, giving due regard to the Projected Toll Rate Schedule provided to the Tolling Authority by WSDOT and the State Treasurer pursuant to Section 7.03(b) of this Master Resolution; and

(iv) Unless otherwise directed by the Legislature, to meet obligations to reimburse the Motor Vehicle Fund for Motor Vehicle Fuel Taxes applied to the payment of bonds issued for Eligible Toll Facilities. Unless otherwise directed by the Legislature or determined by agreement of the Treasurer Representative and the WSDOT Representative, each advance of Motor Vehicle Fuel Taxes for the payment of Triple Pledge Bonds shall be repaid in 36 monthly installments commencing in the sixth calendar month following the date such advance is made. Each installment shall be in an amount equal to one-thirty-sixth of the amount of the related advance; provided, however that the final installment shall be in an amount equal to the entire then-outstanding amount of such advance.

(d) The Tolling Authority shall include variable pricing in adopting Toll Rate Schedules and establishing Tolls, and Tolls shall be set to maintain travel time, speed, and reliability and to generate sufficient Toll Revenue to meet all requirements of (c), above. Tolls should be set to maintain and optimize System performance, recognizing the need to maintain a financially prudent balance between System performance and the generation of revenue required for the purposes specified in (c), above. Tolls may be adjusted to reflect inflation as measured by the consumer price index or as necessary to provide for the timely payment of debt service on

Bonds, to comply with other requirements of this Master Resolution and to provide for other eligible Project costs. Tolls may vary for type of vehicle, time of day, traffic conditions, or other factors designed to improve performance of the System.

(e) In fixing and adjusting toll rates, the only Toll Revenue to be taken into account shall be Toll Revenue pledged to Bonds that includes Toll receipts, and the only debt service requirements to be taken into account must be debt service on Bonds payable from and secured by Toll Revenue that includes Toll receipts.

(f) The Legislature has pledged in RCW 47.56.850 to appropriate Toll Revenue as necessary to carry out the purposes of that section. When the Legislature has specifically identified and designated an Eligible Toll Facility and authorized the issuance of Bonds for the financing of the Eligible Toll Facility that are payable from and secured by a pledge of Toll Revenue, the Legislature has further agreed for the benefit of the Bondholders of outstanding Bonds issued by the State for Eligible Toll Facilities to continue in effect and not to impair or withdraw the authorization of the Tolling Authority to fix and adjust tolls as provided in RCW 47.56.850. The Legislature has also provided for pledges relating to the setting of Tolls in RCW 47.10.887 and in RCW 47.56.870(3). The Committee pledges, to Bondholders, the State's obligation to impose and maintain tolls, together with the application of Toll Revenue as described herein and in the provisions of RCW 47.56.850, RCW 47.10.887 and RCW 47.56.870(3) in effect as of the date of this Master Resolution.

#### **Section 7.02 Rate Covenant**

(a) The Tolling Authority shall establish, and WSDOT shall charge and collect, Tolls for the privilege of traveling on the System of Eligible Toll Facilities at rates sufficient to meet the Operating and Maintenance Expenses and to produce in each Fiscal Year in which any Bonds are Outstanding Net Revenues that are in an amount at least equal to (i), (ii), (iii), (iv) and (v):

(i) 150% of the Annual Debt Service with respect to all Outstanding First Tier Bonds;

(ii) 135% of the Annual Debt Service with respect to all Outstanding First Tier Bonds and Second Tier Bonds;

(iii) 125% of the Annual Debt Service with respect to all Outstanding First Tier Bonds, Second Tier Bonds and Third Tier Bonds;

(iv) 110% of the Annual Debt Service with respect to all Outstanding Bonds;  
and

(v) 100% of the Annual Debt Service with respect to all Outstanding Bonds and all other deposits required by subsections (c), (e), (g) and (i) through (m) of Section 6.12 to the extent such deposits must be paid with Toll Revenue and have not been otherwise paid or provided for from Bond proceeds or other available funds.

(b) The Tolling Authority will at least annually prior to June 30 of each Fiscal Year review the financial condition of the System, the anticipated Operating and Maintenance

Expenses, Debt Service Requirements, various reserves and other costs of the System, and proceed in a timely fashion to review and adjust the Toll Rate Schedule as it determines is necessary to comply with subsection (a) above, provide sufficient Toll Revenue to fund amounts required to be deposited and maintained in the Toll Facilities Account and subaccounts therein, and comply with other relevant covenants in this Master Resolution.

(c) Prior to adopting any revision in its Toll Rate Schedule, the State, through the Tolling Authority, shall obtain: (A) a certificate of the Traffic Consultant stating, based upon reasonable assumptions and applying the revised Toll Rate Schedule, the projected Toll Revenue for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all then-Outstanding Bonds, (B) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the projected Operating and Maintenance Expenses for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds, and (C) a certificate of the Treasurer Representative stating that, based upon the information contained in the certificates described in (A) and (B) above, the adoption of the revised Toll Rate Schedule will not cause the State to fail to comply with its covenants in this Section 7.02.

Any certificate delivered by the Traffic Consultant pursuant to this Section 7.02(c) shall be based on the opinion of the Traffic Consultant as to Toll Revenue to be derived by the State from the ownership and operation of the System (provided that investment and other income not related to Tolls that constitute Toll Revenue of the System, shall be estimated by the WSDOT Representative), and a certificate of the WSDOT Representative stating the opinion of WSDOT as to the amount of Operating and Maintenance Expenses paid or accrued during any pertinent Fiscal Year, assuming that the proposed Toll Rate Schedule had been in effect during the pertinent Fiscal Year.

(d) The failure of the System in any Fiscal Year to produce Toll Revenue in the amounts sufficient to enable the State to comply with subsection (a) above, which failure may continue during the succeeding Fiscal Year, shall not, in and of itself, constitute an Event of Default under this Master Resolution if (1) WSDOT within 60 days after the end of the Fiscal Year requests the written recommendations of the Traffic Consultant as to how to increase Toll Revenue in the following Fiscal Year to the level required to comply with subsection (a) above, (2) within 60 days of the date of the request from WSDOT, the Traffic Consultant provides to WSDOT, the State Treasurer and the Tolling Authority the written recommendations described in clause (1), and (3) the Tolling Authority takes steps to implement those recommendations within 60 days after receipt thereof and diligently proceeds to substantially comply with the recommendations of the Traffic Consultant.

### **Section 7.03 Operating and Capital Budgets for the System**

(a) The State covenants that it will for each Fiscal Year in each Biennium prepare and adopt a System Budget for Operating and Maintenance Expenses, for Annual Debt Service, for capital repairs and replacements, and for other costs of the System, and that the System Budget shall be prepared in consultation with WSDOT and shall provide for amounts sufficient to comply with the covenants in this Article VII. The Committee, as directed by the Legislature, pledges that the Legislature will appropriate Toll Revenue required under the System Budget.



(b) In conjunction with the preparation of each System Budget, the State, acting by and through WSDOT and the State Treasurer and in consultation with the Traffic Consultant, shall prepare and submit a Projected Toll Rate Schedule to the Tolling Authority for its review and consideration in setting and adjusting Tolls. The Projected Toll Rate Schedule shall include but not be limited to (1) an estimate of the Toll Revenue that will be required under the System Budget; (2) an estimate of the Toll Revenue that will be required under the long-term capital and operating finance plans for the System, including but not limited to projected increases in Toll Revenue that will be required as the result of estimated future changes in Operating and Maintenance Expenses and scheduled or anticipated future changes in Annual Debt Service requirements of the System; (3) a determination of the amount of a financially prudent working capital reserve that should be maintained for System operations; and (4) the related proposed schedule or schedules (which may include alternative schedules) of Toll rates that are projected to be necessary to produce Toll Revenue required for the System Budget, the long-term capital and operating finance plans for the System, and a financially prudent working capital reserve for System operations. Nothing in this Section 7.03(b) shall preclude more frequent submissions of Projected Toll Rate Schedules to the Tolling Authority.

#### **Section 7.04 Operation and Maintenance of all Eligible Toll Facilities**

The State covenants that (1) it will maintain and operate the System in an efficient and economical manner, (2) it will maintain the System in good repair and will make all necessary repairs, renewals and replacements, to the extent funds are available therefor; and (3) it will comply with laws and all rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System, subject to the right of the State to contest the same in good faith and by appropriate legal proceedings.

#### **Section 7.05 Construction and Completion of SR 520 Corridor Program and Other Projects**

The State covenants that it will proceed with diligence to (1) construct and complete the SR 520 Corridor Program and any other Project financed with Bonds to the extent authorized by applicable law, and in conformity with law, with all requirements of governmental authorities having jurisdiction and the policies, rules and regulations of the State and (2) enforce any contracts relating to the construction of the SR 520 Corridor Program and any other Project financed with Bonds.

#### **Section 7.06 Engagement of Consultants**

The State covenants to employ a traffic and revenue consultant or firm of traffic and revenue consultants of national recognition with expertise and experience in the operation, management and financing of, and collection of revenues from, toll roads to perform any functions of the Traffic Consultant hereunder. The State further covenants to employ an independent engineer or engineering firm, in each case experienced in determining the costs of operations and maintenance and costs of repair and replacement of facilities similar to the Eligible Toll Facilities to perform any functions of the Consulting Engineer hereunder.



### **Section 7.07 Insurance**

The State covenants that it will keep the System and its use and operation thereof insured (including through self-insurance pool insurance) at all times in such amounts, subject to such exceptions and deductibles and against such risks, as are customary for similar facilities, including business interruption insurance. All insurance policies shall be carried with a responsible insurance company or companies authorized to do business in the State or shall be provided under a self-insurance program; any self-insurance program shall be actuarially sound in the written opinion of an accredited actuary, which opinion shall be filed with WSDOT at least annually. At any time and from time to time, the State may elect to terminate self-insurance of a given type. Upon making such election, the State shall obtain and maintain comparable commercial insurance.

The State covenants that it will take actions as it deems necessary to demand, collect and sue for any proceeds that may become due and payable to it under any insurance policy. To the extent that the State receives insurance payments under a business interruption insurance policy, those amounts shall be deposited into the Toll Facilities Account. To the extent that the State receives liquidated damages for delayed completion under a construction contract relating to the acquisition or construction of a Project, those amounts shall be deposited into the Toll Facilities Account.

### **Section 7.08 Damage or Destruction**

Immediately after any damage to or destruction of any part of the System that materially adversely affect the Toll Revenue, the State will promptly cause the repair, reconstruction or replacement of the damaged or destroyed property or to otherwise ameliorate the adverse impact on Toll Revenue; provided, however, nothing in this Section shall require the State to expend, for that repair, reconstruction or replacement, amounts other than Toll Revenue, insurance proceeds and Bond proceeds available therefor, and any other funds available for those purposes under this Master Resolution.

### **Section 7.09 Financial Records and Statements**

The State covenants that it will maintain books and accounts reflecting the operations of the System separately from other accounts, in accordance with Accounting Principles. The books and records of the System may form a part of the books and records of the State but shall be maintained as separate accounts. The State shall maintain accurate records showing all collections of Tolls and Motor Vehicle Fuel Taxes levied pursuant to Chapters 82.36 and 82.38 RCW and all payments made into and out of the Toll Facilities Account and the Toll Facility Bond Retirement Account, and those records shall be made available for inspection at any reasonable time by the Holders of any of the Outstanding Bonds.

In addition, the State covenants that as soon as practicable, but in no event more than one hundred fifty (150) days after the last day of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2012, it will prepare or cause to be prepared a financial report of the results of operations of the System for that Fiscal Year (all or a portion of which may be part of the State's comprehensive annual financial report) in accordance with Accounting Principles, containing

independently audited financial statements and the independent auditor's report on the financial statements for the end of that Fiscal Year.

**Section 7.10 Sale, Lease or Other Disposition of Property Comprising Eligible Toll Facilities**

(a) The State covenants so long as any Bonds are Outstanding under this Master Resolution that it will not sell or otherwise dispose of any real estate or personal property comprising a portion of the System (a "disposition") unless:

(i) the WSDOT Representative determines, as evidenced by a certificate filed with the Tolling Authority, that such property (1) has become obsolete or worn out or is reasonably expected to become so within one year after the date of disposition, (2) is no longer used or useful in the operation of the System or in the generation of Toll Revenue or (3) is to be or has been replaced by other property; or

(ii) the WSDOT Representative determines, as evidenced by a certificate filed with the Tolling Authority, that the disposition will not materially adversely affect the Toll Revenue; or

(iii) there shall be on file with the Tolling Authority:

(1) a certificate of the Traffic Consultant stating, based upon reasonable assumptions, the projected Toll Revenue following the proposed disposition (taking into account changes in Toll Revenue, if any, expected as a result of the proposed disposition) for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds;

(2) a certificate of the Consulting Engineer stating, based upon reasonable assumptions, the estimated Operating and Maintenance Expenses following the proposed disposition (taking into account any changes in Operating and Maintenance Expenses, if any, expected as a result of the proposed disposition) for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds; and

(3) a certificate of the Treasurer Representative stating that, based upon the information contained in the certificates described in (1) and (2) above, the projected Net Revenues following the proposed disposition for the then-current Fiscal Year and each subsequent Fiscal Year through the last scheduled maturity of all Outstanding Bonds will be equal to or greater than (i) 200% of Annual Debt Service on First Tier Bonds, (ii) 150% of Annual Debt Service on First Tier Bonds and Second Tier Bonds, (iii) 130% of Annual Debt Service on First Tier Bonds, Second Tier Bonds and Third Tier Bonds, (iv) 110% of Annual Debt Service on First Tier Bonds, Second Tier Bonds, Third Tier Bonds and Fourth Tier

Bonds; and (v) 100% of the aggregate amount of the required payments described in subsections (b) through (m) of Section 6.12 in the applicable Fiscal Year.

The proceeds of the sale or disposition permitted by this Section 7.10 shall be deposited in the Toll Facilities Account.

(b) The State will not lease any real estate or personal property comprising a portion of the System unless the WSDOT Representative determines, as evidenced by a certificate filed with the Tolling Authority, that the lease will not materially adversely affect the Toll Revenue.

(c) Without intending to limit the foregoing, but subject to the requirements of Section 7.11, the State also may enter into contracts or other forms of agreement for the use of any real estate comprising a portion of the System including, but not limited to, rights-of-way for telephone, telegraph, optic fiber and other forms of communication, electric, gas transmission and other lines, towers, or facilities for utilities, and other uses that do not materially adversely affect the operation of the System and the payments received in connection with the same shall, to the extent permitted by law, constitute Toll Revenue. The State also covenants to ensure that all necessary real property filings will be made in connection with any lease or other agreement relating to the use of real estate comprising a portion of the System to protect the interest of the State in that property.

#### **Section 7.11 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 Bonds sold and issued as Tax-Exempt Bonds and will take or require to be taken those 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 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 any other intentional acts at any time during the term of the Tax-Exempt Bonds that will cause those Tax-Exempt Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Code. The State Treasurer may establish 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.

**Article VIII**  
**AMENDATORY AND SUPPLEMENTAL RESOLUTIONS**

**Section 8.01 General**

This Master Resolution shall not be modified or amended in any respect while any Bonds are Outstanding, except as provided in and in accordance with and subject to the provisions of this Article VIII. Upon the execution and delivery of any supplemental resolution pursuant to the provisions of this Article, this Master Resolution shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Master Resolution of the State, the Bond Registrar and all Holders of Outstanding Bonds, shall thereafter be determined, exercised and enforced under this Master Resolution subject in all respects to such modifications and amendments.

**Section 8.02 Amendments Without Consent of Holders**

The Committee on behalf of the State, from time to time, and at any time, without the consent of or notice to the Bondholders of the Outstanding Bonds, may adopt supplemental or amendatory resolutions as follows:

(a) To cure any formal defect, omission, inconsistency or ambiguity in this Master Resolution in a manner not adverse to the Holder of any Outstanding Bond;

(b) To impose upon the Bond Registrar (with its consent) for the benefit of the Holders of the Bonds any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with this Master Resolution as in effect immediately prior to the adoption of the proposed supplemental or amendatory resolution;

(c) To add to the covenants and agreements of, and limitations and restrictions upon, the State in this Master Resolution, other covenants, agreements, limitations and restrictions to be observed by the State which are not contrary or inconsistent with this Master Resolution as in effect immediately prior to the adoption of the proposed supplemental or amendatory resolution;

(d) To confirm, as further assurance, any pledge under, and the subjection to any claim, security or pledge created or to be created by this Master Resolution of any other money, securities or funds;

(e) To authorize different denominations of the Bonds and to make correlative amendments and modifications to this Master Resolution regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

(f) To modify, alter, amend or supplement this Master Resolution as required to accommodate any addition of Additional Eligible Toll Facilities to the System that is otherwise permitted under this Master Resolution and which is not materially adverse to the Holders of the Outstanding Bonds;

(g) To modify, alter, amend or supplement this Master Resolution in any other respect which is not materially adverse to the Holders of the Outstanding Bonds and which does not involve a change described in Section 8.03;

(h) To maintain the exclusion from gross income of the interest on the Tax-Exempt Bonds from federal income taxation or to preserve Federal Credit Payments or tax credits with respect to Tax-Advantaged Bonds; and

(i) To add to the covenants and agreements of, and limitations and restrictions upon, the State in this Master Resolution, other covenants, agreements, limitations and restrictions to be observed by the State which are requested by a Credit Provider and which are not materially adverse to the Holders of the Outstanding Bonds.

### **Section 8.03 Amendments With Consent of Holders**

(a) Except for any supplemental resolution entered into pursuant to Section 8.02, subject to the terms and provisions contained in this Section 8.03 and not otherwise, Holders of not less than 60% in aggregate principal amount of the Outstanding Bonds within each Tier shall have the right from time to time to consent to and approve the adoption by the State of any supplemental resolution deemed necessary or desirable by the State for the purpose of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in this Master Resolution; except that, unless approved in writing by the Holders of all Outstanding Bonds, nothing contained in this section shall permit, or be construed as permitting:

(i) A change in the times, amounts or currency of payment of the principal of or interest on any Outstanding Bond, or a reduction in the principal amount or redemption price of any Outstanding Bond or a change in the redemption price of any Outstanding Bond or a change in the method of determining the rate of interest thereon, or

(ii) A preference of priority of any Bond or Bonds over any other Bond or Bonds of the same Tier with respect to Toll Revenue, or

(iii) A reduction in the aggregate principal amount of Bonds, the consent of the Holders of Bonds of which is required for the supplemental resolution.

(b) The related Bond Sale Resolution may provide that a person other than the Registered Owner may, for purposes of this Section 8.03, have the right to consent on behalf of all or a portion of a Series of Bonds, including but not limited to providers of Credit Facilities for a Series of Bonds.

(c) If at any time the State shall notify the Bond Registrar in writing of its desire to enter into any supplemental or amendatory resolution for any of the purposes of this Section 8.03, the Bond Registrar shall, within 30 days of its receipt of such notice to that effect, cause notice of the proposed supplemental Master Resolution to be given by first class mail, postage prepaid, to all Registered Owners of the then-outstanding Bonds, to the Rating Agencies, if any, then maintaining a rating on any Bonds at the request of the State, and to any other persons designated to receive notice in a Bond Sale Resolution. The notice shall briefly set forth



the nature of the proposed supplemental or amendatory resolution, shall request the consent of each Holder and shall state that a copy of the proposed supplemental resolution is on file at the office of the Bond Registrar for inspection by all Holders of Outstanding Bonds.

(d) Within eight weeks after the date of the mailing of the notice, the State may adopt the supplemental resolution substantially in the form described in the notice, but only if there shall have first been or is simultaneously delivered to the Bond Registrar the required consents, in writing, of the Holders of at least the principal amount of Bonds required pursuant to this Section 8.03 or of another person pursuant to Section 8.03(b).

(e) If the Holders of not less than the percentage of Bonds required by this Section 8.03 shall have consented to and approved the execution and delivery thereof as provided herein, no Holder of any Bond shall have any right to object to the adoption of the supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the State from entering into the same or from taking any action pursuant to the provisions thereof. Any written consent to a permitted amendment may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Bondholders in person or by an agent duly appointed in writing, and that consent shall become effective when the instrument or instruments are delivered to the State or the Bond Registrar.

(f) Proof of the execution of any consent or of a writing appointing any agent shall be sufficient for any purpose and shall be conclusive in favor of the State if made in the following manner: the fact and date of the execution by any person of any consent or appointment may be proved by the affidavit of any witness of execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the person signing the consent or appointment acknowledged to him the execution thereof. The fact and date of execution of the consent or appointment may also be proved in any other manner that the State may deem sufficient; but the State may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Any consent by the Holder of any Bond shall bind any future Registered Owners and Holders of the same Bond with respect to any supplemental resolution adopted by the State pursuant to that consent.

#### **Section 8.04 Opinion Required.**

Before the State shall adopt any supplemental resolution pursuant to this Article or simultaneously with that adoption, there shall be or have been delivered to the State an Opinion of Bond Counsel, stating that the supplemental resolution is authorized or permitted by this Master Resolution and will, upon the execution and delivery thereof, be valid and binding upon the State in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the receipt of Federal Credit Payments by the State or tax credits by the Beneficial Owners in respect of the Tax-Advantaged Bonds.

### **Section 8.05 Notice of Amendment.**

The Bond Registrar shall notify the Bondholders and each Rating Agency then maintaining a rating on any Series of Bonds at the request of the State, if any, by mail of all amendments made to this Master Resolution whether or not the amendment required the consent of Bondholders.

## **Article IX DEFAULTS AND REMEDIES**

### **Section 9.01 Events of Default**

The occurrence and continuation of the following events shall constitute “Events of Default” with respect to the Bonds:

(a) If a default is made in the payment of the principal of or interest on any of the Bonds when the same shall become due and payable;

(b) If the State defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the State set forth in this Master Resolution or any covenants, conditions or agreements on the part of the State contained in any Bond Sale Resolution and such default or defaults have continued for a period of six months after the State has received from the Bond Owners’ Trustee (as defined below) or from the Registered Owners of not less than 25% in principal amount of the Outstanding Bonds, a written notice specifying and demanding the cure of that default. However, (1) if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six months after written notice has been given, it shall not be an Event of Default with respect to the Bonds as long as the State has taken active steps within the six months after written notice has been given to remedy the default and is diligently pursuing that remedy, and (2) as provided in Section 7.02(d), the failure of the System in any Fiscal Year to produce Toll Revenue in the amounts sufficient to enable the State to comply with Section 7.02(a), shall not, in and of itself, constitute an Event of Default under this Master Resolution if the State complies with the provisions set forth in Section 7.02(d); or

(c) The occurrence of a Bankruptcy Related Event.

### **Section 9.02 Bond Owners’ Trustee.**

So long as an Event of Default has not been remedied, a trustee (the “Bond Owners’ Trustee”) may be appointed by the Registered Owners of 25% in principal amount of the Outstanding Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by those Registered Owners of the Outstanding Bonds or by their attorneys-in-fact duly authorized and delivered to the Bond Owners’ Trustee and notification thereof being given to the State. That appointment shall become effective immediately upon acceptance thereof by the Bond Owners’ Trustee. Any Bond Owners’ Trustee appointed under the provisions of this Section 9.02 shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bond Owners’ Trustee may be removed at any time, and a successor

Bond Owners' Trustee may be appointed, by the Registered Owners of a majority in principal amount of the Outstanding Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by those Registered Owners of the Outstanding Bonds or by their attorneys-in-fact duly authorized. The Bond Owners' Trustee may require from Beneficial Owners (other than the TIFIA Bondholder) such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties.

In the event that any Event of Default in the sole judgment of the Bond Owners' Trustee is cured and the Bond Owners' Trustee furnishes to the State a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the State, the Bond Owners' Trustee and the Registered Owners of the Outstanding Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bond Owners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all the Outstanding Bonds and is empowered to exercise all the rights and powers herein conferred on the Bond Owners' Trustee.

### **Section 9.03 Suits at Law or in Equity**

Upon the occurrence of an Event of Default and during the continuance thereof, the Bond Owners' Trustee may, and upon the written request of the Registered Owners of not less than 25% in principal amount of the Outstanding Bonds shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners of the Outstanding Bonds, to collect any amounts due and owing to or from the State, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this Master Resolution or in any of the Outstanding Bonds.

Nothing contained in this Article IX shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Outstanding Bonds, and the remedy of acceleration is expressly denied to the Registered Owners of the Outstanding Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bond Owners' Trustee hereunder shall be brought in its name as trustee for the Bond owners and all such rights of action upon or under any of the Outstanding Bonds or the provisions of this Master Resolution may be enforced by the Bond Owners' Trustee without the possession of any of those Outstanding Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any suit, action or proceeding instituted by the Bond Owners' Trustee shall be brought for the ratable benefit of all of the Registered Owners of those Outstanding Bonds, subject to the provisions of this Master Resolution. The respective Registered Owners of the Outstanding Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bond Owners' Trustee the true and lawful trustee of the respective Registered Owners of those Outstanding Bonds, with authority to institute any action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Outstanding Bonds; to execute any paper or

documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bond Owners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Outstanding Bonds, any plan of reorganization or adjustment affecting the Outstanding Bonds or any right of any owner thereof, or to authorize or empower the Bond Owners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the State is a party.

Notwithstanding the foregoing, the Holder of any Bond may by mandamus or other appropriate proceeding require and compel performance of any duties imposed upon the Tolling Authority and WSDOT consistent with the provisions of RCW 47.10.887 in effect as of the date of this Master Resolution.

#### **Section 9.04 Application of Money Collected by Bond Owners' Trustee**

Any money collected by the Bond Owners' Trustee at any time pursuant to this Article shall be applied to the following purposes, within the limitations with respect thereto and only after payment has been brought current for every preceding purpose described in the following order of priority:

(a) first, to the payment of the charges, expenses, advances and compensation of the Bond Owners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys;

(b) second, to the payment to the persons entitled thereto of all installments of interest past due or coming due on the Outstanding First Tier Bonds in the following six months in the order of maturity of those installments within the First Tier Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference within the First Tier Bonds;

(c) third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Outstanding First Tier Bonds which shall have become due or which will become due in the following six months (other than Outstanding Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference;

(d) fourth, to the payment to the persons entitled thereto of all installments of interest past due or coming due on the Outstanding Second Tier Bonds in the following six months in the order of maturity of those installments within the Second Tier Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference within the Second Tier Bonds;

(e) fifth, to the payment to the persons entitled thereto of the unpaid principal amounts of any Outstanding Second Tier Bonds which shall have become due or which will become due in the following six months (other than Outstanding Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference;

(f) sixth, to the payment to the persons entitled thereto of all installments of interest past due or coming due on the Outstanding Third Tier Bonds in the following six months in the order of maturity of those installments within the Third Tier Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference within the Third Tier Bonds;

(g) seventh, to the payment to the persons entitled thereto of the unpaid principal amounts of any Outstanding Third Tier Bonds which shall have become due or which will become due in the following six months (other than Outstanding Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference;

(h) eighth, to the payment to the persons entitled thereto of all installments of interest past due or coming due on the Outstanding Fourth Tier Bonds in the following six months in the order of maturity of those installments within the Fourth Tier Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference within the Fourth Tier Bonds;

(i) ninth, to the payment to the persons entitled thereto of the unpaid principal amounts of any Outstanding Fourth Tier Bonds which shall have become due or which will become due in the following six months (other than Outstanding Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference;

(j) tenth, to the payment of subordinate obligations payable from Toll Revenue coming due in the following six months;

(k) eleventh, for continued application to the purposes and in the priority described in (a) through (j) above.



## **Section 9.05 Duties and Obligations of Bond Owners' Trustee**

The Bond Owners' Trustee shall not be liable except for the performance of the duties as are specifically set forth herein. During an Event of Default, the Bond Owners' Trustee shall exercise the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bond Owners' Trustee shall have no liability for any act or omission to act hereunder except for the Bond Owners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bond Owners' Trustee shall be determined solely by the express provisions of this Master Resolution, and no implied powers, duties or obligations of the Bond Owners' Trustee shall be read into this Master Resolution.

The Bond Owners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bond Owners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bond Owners' Trustee shall not be bound to recognize any person as a Registered Owner of any Bond until his title thereto, if disputed, has been established to its reasonable satisfaction.

The Bond Owners' Trustee may consult with counsel and the opinion of that counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of that counsel. The Bond Owners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected-by it with reasonable care.

## **Section 9.06 Suits by Individual Bond Holders Restricted**

(a) No Holder of any one or more of Outstanding Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

(i) an Event of Default has happened and is continuing;

(ii) a Bond Owners' Trustee has been appointed;

(iii) that Holder previously shall have given to the Bond Owners' Trustee written notice of the Event of Default on account of which that suit, action or proceeding is to be instituted;

(iv) the Registered Owners of 25% in principal amount of the Outstanding Bonds, after the occurrence of that Event of Default, has made written request of the Bond Owners' Trustee and have afforded the Bond Owners' Trustee a reasonable opportunity to institute a suit, action or proceeding;

(v) there have been offered to the Bond Owners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(vi) the Bond Owners' Trustee has refused or neglected to comply with that request within a reasonable time.

(b) No Holder of any Outstanding Bond shall have any right in any manner whatever by his action to affect or impair the obligation of the State to pay from the Net Revenue the principal of and interest on that Outstanding Bond to the respective Registered Owners thereof when due.

### **Section 9.07 TIFIA Bond Default Remedy**

Upon the occurrence of an Event of Default described in Section 9.01(c), any then-Outstanding TIFIA Bond will be deemed to be and will automatically become a First Tier Bond for all purposes of this Master Resolution, and the TIFIA Bondholder will be deemed to be the Holder of such First Tier Bond; provided, however, that the TIFIA Bond will not be secured by any First Tier Debt Service Reserve Subaccount. Notwithstanding the other provisions of this Section 9.07, (A) if on the date that the Event of Default described in Section 9.01(c) occurs, any amounts are on deposit in the First Tier Debt Service Subaccount, such amounts shall be used to pay amounts due or to become due on those First Tier Bonds Outstanding immediately prior to the occurrence of that Event of Default described in Section 9.01(c) and shall not be used to pay amounts due or to become due on the TIFIA Bond; and (B) if on the date that the Event of Default described in Section 9.01(c) occurs, any amounts are on deposit in the Fourth Tier Debt Service Subaccount that are allocable to the TIFIA Bond, such amounts shall be used to pay amounts due or to become due on the TIFIA Bond.

### **Section 9.08 Failure to Comply With Undertaking**

Notwithstanding anything in this Article to the contrary, the failure of the State or any obligated person to comply with the Undertaking shall not constitute an Event of Default hereunder, and the sole remedy of any Holder of a Bond shall be to seek an order of specific performance from an appropriate court to compel the State to comply with the Undertaking.

## **Article X REFUNDING OR DEFEASANCE OF BONDS**

The State may issue refunding bonds pursuant to the laws of the State or use money from any other lawful source to pay the principal of and interest on the Bonds, or that portion thereof included in a refunding or defeasance plan, as the same become due and payable and to redeem and retire, release, refund or defease all such then-outstanding Bonds (the "defeased Bonds") and to pay the costs of the refunding or 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 the defeased Bonds when due in accordance with their respective terms are set aside in a special fund (hereinafter

called the “trust account”) to effect that payment, and are pledged irrevocably in accordance with a refunding plan adopted by the State for the purpose of effecting that payment, then no further payments need be made into the related Debt Service Subaccount in the Toll Facility Bond Retirement Account for the payment of principal of and interest on those defeased Bonds, the Registered Owners thereof shall cease to be entitled to any pledge, benefit or security of this Master Resolution, except the right to receive payment of the principal of and interest on those defeased 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 those defeased Bonds shall no longer be deemed to be outstanding hereunder. Registered Owners of defeased Bonds shall thereafter have the right to receive payment of the principal of and interest or redemption price of the defeased Bonds from the trust account.

If the refunding or defeasance plan provides that the Bonds to be refunded or defeased be secured by money and/or Government Obligations pending the prior redemption of the defeased Bonds and if the refunding plan also provides that certain money and/or Government Obligations are pledged irrevocably for the redemption of the defeased Bonds included in that refunding plan, then only the debt service on the Bonds which are not defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of Annual Debt Service.

## **Article XI SALE OF THE BONDS**

### **Section 11.01 Methods of Sale of Bonds**

The Deputy State Treasurer is hereby authorized to determine, for each Series of Bonds, whether those Bonds will be sold competitively at public sale or whether that 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: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) determine the amount, form and method of delivery of a good faith deposit to the State; (4) cause notice of the public sale to be given; and (5) provide for 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 those Bonds and to negotiate the terms of a bond purchase contract for the sale of those Bonds.

### **Section 11.02 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 Master Resolution.

Provisions of the Bond Sale Resolution may include, without limitation, (1) provisions for the acceptance of offers to purchase the Bonds and provisions for the sale and delivery of the Bonds to the purchasers; (2) 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); (3) redemption provisions; (4) provisions relating to any Debt Service Reserve Subaccount securing the Bonds and any applicable Debt Service Reserve Requirement; and (5) other terms and conditions required by or otherwise not inconsistent with the provisions of this Master Resolution.

### **Section 11.03 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.

## **Article XII**

### **PRELIMINARY OFFICIAL STATEMENT UNDER THE RULE**

To allow the Original Purchasers 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 those matters.

## **Article XIII**

### **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 (1) the preparation and delivery of transcripts of proceedings pertaining to the Series of Bonds sold thereunder, and (2) the preparation, authentication and delivery of Bonds, in definitive form, to the Original Purchasers thereof.

## **Article XIV**

### **CONTINUING DISCLOSURE**

The State shall undertake to provide for the benefit of Holders of each Series of Bonds disclosure of certain financial information and operating data of the type included in the final official statement for those Bonds, as well as disclosure of certain material events respecting those Bonds, in the manner and to the extent required by Section (b)(5) of the Rule. The particular terms of the Undertaking shall be set forth in the related Bond Sale Resolution.

**Article XV**  
**MISCELLANEOUS**

**Section 15.01 Contract; Severability**

The covenants contained in this Master 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 Master 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 Master Resolution and shall in no way affect the validity of the other provisions of this Master Resolution, the Bonds.

**Section 15.02 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 Master Resolution immediately upon its adoption.

**Section 15.03 Ratification**

All actions heretofore taken by officers or staff of the Committee consistent with the terms of this Master Resolution are ratified, approved and confirmed.




**Section 15.04 Immediate Effect**

This Master 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 29<sup>th</sup> day of September, 2011.


STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By   
James L. McIntire  
State Treasurer and Chair

By   
Christine Gregoire  
Governor and Member

By \_\_\_\_\_  
Brad Owen  
Lieutenant Governor and Member

ATTEST:

  
Ellen L. Evans, Deputy State Treasurer  
and Secretary

## CERTIFICATE

I, Ellen L. Evans, the duly appointed, qualified and acting Deputy State Treasurer and Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1117 of such Committee, adopted at an open public meeting thereof held on this 29<sup>th</sup> day of September, 2011, 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: September 29, 2011.



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Ellen L. Evans  
Deputy State Treasurer and Secretary  
State Finance Committee