

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1218

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON RELATING TO THE PROPOSED ISSUANCE AND SALE BY FYI PROPERTIES OF A SERIES OF REFUNDING BONDS FOR THE PURPOSE OF REFINANCING THE FYI PROPERTIES' LEASE REVENUE BONDS, 2009 (STATE OF WASHINGTON DIS PROJECT).

ADOPTED: NOVEMBER 13, 2018

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WHEREAS, pursuant to a planning process that began in 2007, the State of Washington, acting through the Department of Information Services (the "State") determined to undertake the construction of an office building and data center (including parking facilities) (the "Project") on property located on the "Wheeler Block" on the Capitol Campus in the City of Olympia; and

WHEREAS, upon review of proposals received for the Project, the State originally determined that the most cost-effective method of financing the Project was by the issuance of tax-exempt bonds ("Original Plan of Finance") pursuant to Revenue Ruling 63-20 of the U.S. Treasury, as further amended and updated by Revenue Procedure 82-26 of the U.S. Treasury (collectively, the "Ruling"); and

WHEREAS, the State Finance Committee adopted Resolution No. 1086 on June 9, 2009, to implement the Original Plan of Finance providing for the lease of the land on which the Project would be situated by the State to FYI Properties, a Washington nonprofit corporation ("FYI Properties") under the terms of a Ground Lease, dated as of June 29, 2009 (the "Ground Lease") and a Lease Agreement from FYI Properties to the State (as a "financing contract") authorized by the State Legislature in Section 6031(8) of Chapter 328, Laws of 2008, as amended by Section 6031(8) of Chapter 497, Laws of 2009, executed and effective as of June 29, 2009 (the "Original Financing Lease"); and

WHEREAS, on July 14, 2009, the State Finance Committee adopted Resolution No. 1090, approving the issuance by FYI Properties of its Lease Revenue Bonds, 2009 (State of Washington DIS Project) (the "2009 Bonds"), approving FYI Properties for the purpose of financing and undertaking the Project and approving the acceptance of title to the Project when the 2009 Bonds were paid or their payment fully provided for; and

WHEREAS, the Project has been completed and all proceeds of the 2009 Bonds have been allocated to Project expenditures, including costs of issuance and capitalized interest; and

WHEREAS, on January 25, 2011, the State Finance Committee adopted Guidelines for Use of 63-20 Financing Contracts; and

WHEREAS, the State wishes to lower its rent payments under the Original Financing Lease by refinancing the 2009 Bonds; and

WHEREAS, FYI Properties and the State have determined that the most cost-effective method of refinancing the 2009 Bonds is through the issuance of refunding tax-exempt bonds pursuant to the Ruling as certified by the Office of Financial Management and Consolidated Technology Services; and

WHEREAS, subject to the conditions set forth in this resolution, the State Finance Committee is approving the issuance by FYI Properties (on behalf of the State) of its Lease Revenue Refunding Bonds, 2019 (State of Washington DIS Project) (the "2019 Bonds"), the proceeds of which together with amounts paid by the State under the Original Financing Lease, shall be used to pay and redeem all outstanding 2009 Bonds on June 1, 2019; and

WHEREAS, the State may not enter into any financing contract for itself if the aggregate principal amount payable thereunder is greater than an amount to be established from time to time by the State Finance Committee, and the State Finance Committee on April 11, 2018, approved a revised Finance Plan for the 2017-2019 Biennium for State Financing Contracts and Certificates of Participation therein in a maximum aggregate amount that includes the Original Financing Lease, and also approved any refinancing contract entered into for the purpose of achieving interest cost savings in accordance with the State Finance Committee's Debt Issuance Policy; and

WHEREAS, the stated purposes of FYI Properties are *inter alia*, to assist in the erection and maintenance of public buildings and to undertake activities which lessen the burdens of government; and

WHEREAS, the Project serves these purposes by lessening the burdens of the State by providing a cost effective means of financing and refinancing the Project;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON, as follows:

Section 1. Bond Issuance by FYI Properties. For the purpose of refunding the 2009 Bonds and paying costs of issuance, the State Finance Committee hereby approves the issuance of the 2019 Bonds by FYI Properties in accordance with the State Finance Committee's Debt Issuance Policy. This approval is subject to the following conditions.

(a) *Manner of Sale.*

1. The Deputy State Treasurer shall determine whether the 2019 Bonds will be sold competitively at public sale or whether the 2019 Bonds will be sold by means of a negotiated sale to one or more underwriters.

2. The rating process for the 2019 Bonds shall be managed by the Office of State Treasurer in consultation with FYI Properties.

3. If the Deputy State Treasurer determines to sell the 2019 Bonds at a public sale, he shall: (i) establish the date of the public sale for the 2019 Bonds; (ii) establish the criteria by which the successful bidder will be determined; (iii) determine the amount, form and method of delivery of a good faith deposit; (iv) cause notice of the public sale to be given; and (v) provide for such other matters pertaining to the public sale as deemed necessary or desirable. If the Deputy State Treasurer determines to sell the 2019 Bonds by means of a negotiated sale, he shall determine the manner of selection of the underwriter or underwriters and negotiate the terms of a bond purchase contract for the sale of the 2019 Bonds.

4. The preparation of the public offering materials and information (including, but not limited to, the preliminary official statement, the official statement and investor presentations, if any) shall be managed by the Office of State Treasurer.

5. The acceptance of a bid for purchase of the 2019 Bonds shall be subject to the prior approval of the Deputy State Treasurer.

6. The date and time of closing and closing conditions for delivery of the 2019 Bonds shall be as determined by the Deputy State Treasurer in consultation with FYI Properties.

(b) *Administrative Matters.*

1. The 2019 Bonds shall be delivered with the approving legal opinion of bond counsel acceptable to FYI Properties and the State.

2. In connection with the issuance of the 2019 Bonds, the State shall enter into an amendment of the Original Financing Lease with FYI Properties, including a reduction in its financial obligations ("Rent") as a result of interest cost savings due to the refunding of the 2009 Bonds (which amendment together with the Original Financing Lease is herein referred to as the "Financing Lease").

3. U.S. Bank National Association, in its capacity as fiscal agent for the State, shall be designated as the trustee for the 2019 Bonds and refunding trustee for the 2009 Bonds (the "Trustee") under the terms of an Indenture of Trust between FYI Properties and the Trustee (the "Indenture") and subject to terms approved by the Deputy State Treasurer.

4. Agreements for ongoing disclosure under Securities and Exchange Commission Rule 15c2-12 with respect to the 2019 Bonds shall be subject to review and approval by the Deputy State Treasurer.

5. The sale and issuance of the 2019 Bonds shall be subject to the further terms and conditions set by the Deputy State Treasurer as he deems appropriate. The 2019 Bonds shall not be delivered to the successful bidder or underwriter(s) unless the Deputy State Treasurer has confirmed in writing that the conditions established in and pursuant to this Section 1 have been met (or waived) in his sole discretion.

(c) *Security for the 2019 Bonds.* The 2019 Bonds shall be limited obligations of FYI Properties, payable solely from the security granted to the Trustee under the Indenture (the "Trust Estate"). FYI Properties is a single purpose entity, is not a governmental unit and has no taxing power. FYI Properties has no source of funds available to pay debt service on the 2019 Bonds other than the Trust Estate, and neither FYI Properties nor the Trustee is obligated to use funds from any source other than the Trust Estate to pay debt service on the 2019 Bonds.

The State's sole obligation is to pay Rent and perform its other obligations as provided in the Financing Lease. The obligation of the State to pay Rent and perform its other obligations under the Financing Lease is a limited obligation of the State payable solely from the sources and subject to the limitations set forth in the Financing Lease. The State payments under the Financing Lease do not constitute a general obligation of the State and neither the full faith and credit nor the taxing power of the State is pledged to the payment of Rent or the performance of its other obligations under the Financing Lease. Payments of Rent by the State are subject to appropriation by the Legislature and Executive Order reduction by the Governor. A determination by the Legislature not to appropriate or any Executive Order reduction by the Governor would not constitute a default under the Indenture or the Financing Lease. The preliminary and final Official Statements for the 2019 Bonds also shall include language to that effect.

Section 2. Approval of Nonprofit Corporation. For the sole purpose of providing for the refunding of the 2009 Bonds and the refinancing of the Project, the State Finance Committee approves FYI Properties, the purposes and activities of FYI Properties as described in Section 4.1 of its Articles of Incorporation, and the 2019 Bonds to be issued by FYI Properties, subject to the following additional conditions:

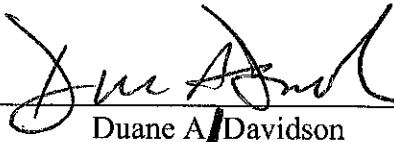
- (a) FYI Properties shall at all times operate on a nonprofit basis;
  - (b) FYI Properties' income shall in no event inure to the benefit of any private person;
- and

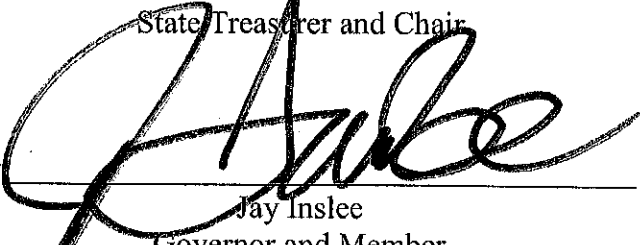
(c) Upon the payment and retirement of the 2019 Bonds and any refunding bonds issued by FYI Properties, FYI Properties shall convey all right, title and interest in the Project to the State free and clear of any encumbrance or obligation of any kind (other than those created or otherwise approved by the State). The terms of the Financing Lease shall include this commitment by FYI Properties.


Section 3. Delivery of Project on Payment of 2019 Bonds. The State Finance Committee, on behalf of the State, approves the acceptance of title to the Project, including any additions to the Project, upon tender thereof by FYI Properties when the 2019 Bonds and any refunding bonds have been paid or their payment fully provided for.

ADOPTED by the State Finance Committee of the State of Washington this 13th day of November, 2018.

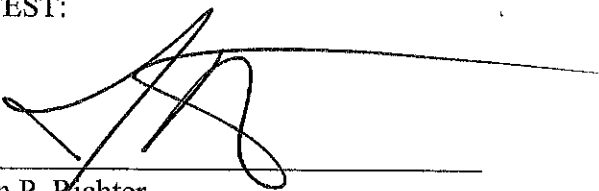
STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By   
Duane A. Davidson  
State Treasurer and Chair

By   
Jay Inslee  
Governor and Member

By   
Cyrus Habib  
Lieutenant Governor and Member

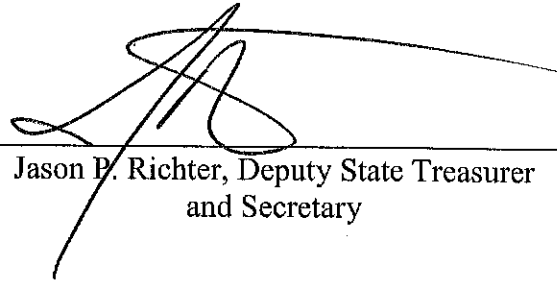
ATTEST:

  
Jason P. Richter,  
Deputy State Treasurer and Secretary

CERTIFICATE

I, Jason P. Richter, the duly appointed, qualified and acting 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. 1218 of such Committee, adopted at an open public meeting thereof held on this 13th day of November, 2018, after notice of such meeting was duly and regularly given as required by law, and that such resolution has been entered in the records of such Committee held on such date and remains in effect as of this date.

DATED: November 13, 2018.



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Jason P. Richter, Deputy State Treasurer  
and Secretary