

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1283

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON RELATING TO THE PROPOSED ISSUANCE AND SALE BY FIRCREST PROPERTIES OF BONDS FOR THE PURPOSE OF PERMITTING, DESIGNING AND CONSTRUCTING A NURSING FACILITY AND RELATED IMPROVEMENTS ON THE FIRCREST RESIDENTIAL HABILITATION CENTER CAMPUS PURSUANT TO A FINANCING CONTRACT WITH THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES.

ADOPTED: JUNE 13, 2024

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WHEREAS, the State of Washington (the “State”) Department of Social and Health Services (“DSHS”) is in need of additional facilities for the care of patients; and

WHEREAS, subject to the approval of the State Finance Committee, under the authority of Ch. 474 sec. 8002(4), Laws of 2023 (the “Legislative Authorization”), DSHS was authorized to enter into a financing contract for an amount of up to \$175,888,000 plus costs and financing expenses, required reserves and capitalized interest pursuant to Chapter 39.94 RCW (the “Act”) to lease-develop or lease purchase a nursing facility and related facilities (the “Project”) on the Fircrest residential habilitation center campus, in the City of Shoreline on property leased from the State’s Department of Natural Resources; and

WHEREAS, after soliciting proposals from potential developers, DSHS selected Fircrest Properties, a Washington nonprofit corporation that has been determined to be exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, for the purpose, *inter alia*, of undertaking the design, financing and construction of the Project, all consistent with the Articles of Incorporation and Bylaws of Fircrest Properties, copies of which are on file with the State Finance Committee; and

WHEREAS, the stated purposes of Fircrest Properties include assisting in the design, construction, erection and maintenance of public buildings, monuments, facilities, housing or works and undertaking activities which lessen the burdens of government within the meaning of Treasury Regulation Section 1.1501(c)(3)-1(d)(2); and

WHEREAS, DSHS has represented to the State Finance Committee that the undertaking of the Project by Fircrest Properties will lessen the burdens of the State in respect of the undertaking of the Project; and

WHEREAS, Fircrest Properties proposes to issue tax-exempt bonds (the “Bonds”) to pay the costs of the Project; and

WHEREAS, Fircrest Properties has represented to DSHS that the Bonds will be issued by Fircrest Properties in accordance with the proceedings approved by its board of directors and the Indenture (defined below); and

WHEREAS, Fircrest Properties has represented to DSHS, and DSHS has represented to the State Finance Committee, that Bonds issued in a principal amount of not to exceed \$235,000,000 will be applied to pay all costs of the Project, certain capitalized interest and costs of issuance of the Bonds and to fund required reserves; and

WHEREAS, Fircrest Properties has further represented to DSHS, and DSHS has represented to the State Finance Committee, that the Bonds will be the debt and obligation of Fircrest Properties, payable solely from the trust estate under the Indenture (defined below), including rent payments to be made by DSHS under the terms of a Lease Agreement substantially in the form on file with the State Finance Committee (the “Lease”); and

WHEREAS, the Project will be leased to DSHS under the terms of the Lease, which will provide, *inter alia*, for the payment of Monthly Rent (as defined in the Lease) by DSHS in an amount sufficient to pay debt service on the Bonds; and

WHEREAS, the Lease is structured as a financing contract within the meaning of the Act, specifically as the term “financing contract” is defined by RCW 39.94.020(2);

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

Section 1. Bond Issuance by Fircrest Properties. The State Finance Committee hereby approves the issuance of tax-exempt Bonds by Fircrest Properties subject to the following conditions.

(a) *Manner of Sale.*

1. The Bonds will be sold by means of a negotiated sale to one or more underwriters, further identified in subsection (a)(3) below.

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

3. The Deputy State Treasurer has appointed BofA Securities, Inc., Barclays Capital Inc., J.P. Morgan Securities LLC and Loop Capital Markets (collectively, the “Underwriters”) as the underwriters for the Bonds and shall negotiate, together with Fircrest Properties, the terms of a bond purchase contract with the Underwriters.

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 the State Treasurer.

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

(b) *Administrative Matters.*

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

2. The total principal amount of the Bonds shall not exceed \$235,000,000.

3. The final maturity of the Bonds shall be not later than the date that is the 30th anniversary of the Effective Date of the Lease (as defined in the Lease).

4. The Bonds shall have received a rating of at least “Aa3” by Moody’s Investors Service, Inc. or a rating of at least “AA-” by S&P Global Ratings.

5. The Bonds shall be issued not later than June 30, 2025.

6. The amount of proceeds of the Bonds deposited in the Project Fund under the Indenture to pay costs of the Project (excluding costs and financing expenses, required reserves and capitalized interest) shall be no more than \$175,888,000.

7. U.S. Bank Trust Company, National Association, in its capacity as fiscal agent for the State, shall be designated as the trustee for the Bonds (the “Trustee”) under the terms of an Indenture of Trust between Fircrest Properties and the Trustee (the “Indenture”) and subject to terms approved by the Deputy State Treasurer.

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

9. The sale and issuance of the Bonds shall be subject to the further terms and conditions set by the Deputy State Treasurer as he deems appropriate. The Bonds shall not be delivered to the Underwriters 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 the sole discretion of the Deputy State Treasurer.

(c) *Security for the Bonds.* The Bonds shall be limited obligations of Fircrest Properties, payable solely from the security granted to the Trustee under the Indenture (the “Trust Estate”). Fircrest Properties is a single purpose entity, is not a governmental unit and has no taxing power. Fircrest Properties has no source of funds available to pay debt service on the Bonds other

than the Trust Estate, and neither Fircrest Properties nor the Trustee is obligated to use funds from any source other than the Trust Estate to pay debt service on the Bonds.

The State's sole obligation is to pay Rent (as defined in the Lease) and perform its other obligations as provided in the Lease. The obligation of the State to pay Rent and perform its other obligations under the Lease is a limited obligation of the State payable solely from the sources and subject to the limitations set forth in the Lease. The State payments under the 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 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 Lease. The preliminary and final Official Statements for the Bonds also shall include language to that effect.

Section 2. Approval of Lease. The State Finance Committee hereby approves the execution of the Lease substantially in the form on file with the State Finance Committee as of this date, together with only such modifications as may be approved by the Secretary of DSHS that do not materially change the substantive terms of the Lease from the form on file with the State Finance Committee and that are consistent with the requirements of the Legislative Authorization and this resolution. The term of the Lease shall not exceed thirty years as required by RCW 39.94.030(1).

The Lease shall include language to the effect that the obligation of DSHS to make Rent payments thereunder is subject to appropriation by the State Legislature and to Executive Order reduction by the Governor under certain circumstances, and such obligation to make Rent payments does not constitute a debt of the State or any agency or subdivision thereof, or the contracting of indebtedness by the State, or a pledge of the faith and credit or taxing power of the State, for purposes of the constitutional limitation upon debt or the contracting of indebtedness.

Section 3. Approval of Nonprofit Corporation. For the sole purpose of providing for the financing, constructing, equipping and operating of the Project, the State Finance Committee approves Fircrest Properties, the purposes and activities of Fircrest Properties as described in Section 4.1 of its Articles of Incorporation, and the tax-exempt Bonds to be issued by Fircrest Properties pursuant to Revenue Ruling 63-20, as updated by Revenue Procedure 82-26 of the United States Treasury, subject to the following additional conditions:


- (a) Fircrest Properties shall at all times operate as a nonprofit corporation under the laws of the State;
- (b) Fircrest Properties' income shall in no event inure to the benefit of any private person; and
- (c) Upon the payment and retirement of the Bonds and any refunding bonds issued by Fircrest Properties, Fircrest 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 Lease shall include this commitment by Fircrest Properties.

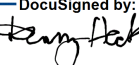
Section 4. Delivery of Project on Payment of Bonds. The State Finance Committee, on behalf of the State, agrees to accept title to the Project by the State, including any additions to the Project when the Bonds and any refunding bonds have been paid or their payment fully provided for.

ADOPTED by the State Finance Committee of the State of Washington this 13th day of June, 2024.

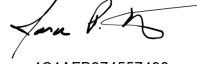
STATE FINANCE COMMITTEE
STATE OF WASHINGTON

DocuSigned by:

By 74DDAB6AC796466
Mike Pellicciotti
State Treasurer and Chair

DocuSigned by:

By 3A6D46480BE140D
Jay Inslee
Governor and Member

DocuSigned by:

By E9733D41364B4AC
Denny Heck
Lieutenant Governor and Member

ATTEST:

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Jason P. Richter,
Deputy State Treasurer and Secretary