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I. Financial Update
II. Economic and Revenue Forecast
III. General Obligation Pledge
IV. Transportation Update
V. Investments and Fund Balances
VI. Risk Management
VII. Debt Issuance Plans
I. Financial Update
2017 Legislative Session:

- Passed operating budget with significant new investment in K-12 education, as well as a reappropriations-only capital budget
- Increased property tax rate from $1.86/$1,000 to $2.70/$1,000

2018 Legislative Session:

- Passed supplemental operating budget
  - Additional $702 mm for K-12 to meet Supreme Court’s McCleary deadline by fully implementing new salary allocations for the 2018-19 school year
  - Additional $239 mm in mental health, low income health care, higher education, and fire suppression funding
  - Ends FY 2019 with total reserves of $2.366 billion, including $1.139 billion in the Budget Stabilization Account (BSA)
- Small reduction in property tax rate; increased spending to be funded through increases in forecasted revenue and unrestricted fund balance
- Passed a capital budget to fund projects related to school construction, housing, mental health and more

Sources: ERFC Economic and Revenue Forecast Update, June 2018; Office of Financial Management; Final Bill Report EHB 2242
2012 Supreme Court decision in *McCleary v. State of Washington* found the State was not fulfilling its constitutional obligation to fully fund K-12 education

Legislature has since enacted significant reform, including:

- $1.1 billion for K-3 class size reductions
- $197 mm for transportation
- $1.2 billion for materials, supplies and operating costs
- $270 mm for full-day kindergarten

2017-19 biennial operating budget provided an additional $1.8 billion

2018 supplemental budget included $702 mm to fully implement new salary allocations for 2018-19 school year

On June 7, 2018 the Supreme Court lifted the monetary penalty and ended its jurisdiction

Source: ERFC Economic and Revenue Forecast Update, June 2018; historical data
## General Fund-State Budget Balance Sheets

### Enacted Budget Balance Sheets
General Fund-State and Education Legacy Trust, Opportunity Pathways, and Budget Stabilization Accounts ($ mm)

<table>
<thead>
<tr>
<th></th>
<th>2015-17</th>
<th>2017-19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RESOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning Fund Balance</td>
<td>1,011</td>
<td>1,149</td>
</tr>
<tr>
<td>February Forecasted Revenue</td>
<td>39,050</td>
<td>44,990</td>
</tr>
<tr>
<td>June Revenue Forecast Change</td>
<td>--</td>
<td>536</td>
</tr>
<tr>
<td><strong>Current Revenue Totals</strong></td>
<td>39,050</td>
<td>45,526</td>
</tr>
<tr>
<td>Prior Period Adjustments/Governor’s Vetoes</td>
<td>522</td>
<td>41</td>
</tr>
<tr>
<td>Enacted Transfer to BSA</td>
<td>(1,308)</td>
<td>(430)</td>
</tr>
<tr>
<td>Enacted Fund Transfers/Other Resource Adjustments</td>
<td>79</td>
<td>(77)</td>
</tr>
<tr>
<td><strong>Total Resources (including beginning fund balance)</strong></td>
<td>40,366</td>
<td>46,209</td>
</tr>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-17 Enacted Expenditures</td>
<td>38,488</td>
<td>--</td>
</tr>
<tr>
<td>2017-19 Enacted Expenditures</td>
<td>--</td>
<td>44,649</td>
</tr>
<tr>
<td>Assumed Reversions</td>
<td>(282)</td>
<td>(216)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>38,206</td>
<td>44,433</td>
</tr>
<tr>
<td><strong>RESERVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected Ending Fund Balance</td>
<td>1,149</td>
<td>1,776</td>
</tr>
<tr>
<td>BSA Beginning Balance</td>
<td>513</td>
<td>1,638</td>
</tr>
<tr>
<td>Interest Earnings/Net transfers from General Fund to Pension Funding Stabilization Account</td>
<td>--</td>
<td>(499)</td>
</tr>
<tr>
<td>Projected BSA Ending Balance</td>
<td>1,638</td>
<td>1,139</td>
</tr>
<tr>
<td><strong>Total Reserves (Near General Fund plus BSA)</strong></td>
<td>2,787</td>
<td>2,916</td>
</tr>
</tbody>
</table>

Sources: ERFC Economic and Revenue Forecast Update, June 2018; Office of Financial Management
Near GF-S* Historic and Projected Revenue and Annual Growth Rate by FY ($ mm)

*Near GF-S includes all state revenue subject to the budget outlook process (including the Opportunities Pathway Account (OPA) and Education Legacy Trust Account (ELTA))

Sources: ERFC Economic and Revenue Forecast Update, June 2018; Office of the State Treasurer
General Fund-State Revenues by FY ($ mm)

Sources: Office of Financial Management
*2018-19 GF-S estimates from ERFC Economic and Revenue Forecast Update, June 2018
Cannabis Revenue vs. Other Near GF-S Revenue

Source: Office of Financial Management

*Forecasted

Cannabis revenue
$268 mm
(0.5% of total revenue)

Non-cannabis revenue
$49.4 billion
(99.5% of total revenue)

2013–15
2015–17
2017–19 (Budgeted)
2019–21 (Outlook)*

Other Near GF-S Revenue
Cannabis Revenue

Source: Office of Financial Management
*Forecasted
GF-S and BSA Balances by Fiscal Year ($ mm)

Source: Office of Financial Management; ERFC Economic and Revenue Forecast Update, June 2018
Note: Fund balances at close of fiscal year. Provided revenue data is displayed on a cash basis.
*Emergency Reserve Account (1998-2008) and BSA (2009-present)
II. Economic and Revenue Update
Washington’s economy shows solid growth, with employment rising in most sectors

- Non-farm employment expected to increase 2.5% in CY 2018 and 1.9% in 2019
- Nominal personal income growth is expected to increase 5.8% in CY 2018 and to grow at least 5% each year from 2019-23

Downside risks outweigh upside risks and includes international trade concerns, higher oil and gas prices, maturing economic expansion, and rising interest rates

Near General Fund-State revenue forecast:

- Near GF-S revenue collections have come in $298 mm over the February 2018 forecasted amount
- This incorporates a $238 mm decrease in revenue due to legislative changes and a forecast increase of $536 mm
- Forecasted Near GF-S revenues have increased by $287 mm in the 2019-21 biennium, and by $380 mm in the 2021-23 biennium

Source: ERFC Economic and Revenue Forecast Update, June 2018
Washington’s real GDP grew 4.4% last year, the highest increase in the country.

Washington’s growth was 0.8% greater than Colorado, which was 2nd at 3.6%.

National GDP rose 2.1% last year.
Washington Exports

Washington consistently ranks highly among states in exports, placing 3rd in total export value, behind Texas and California in 2016

- $90.4 billion of total exports
- Transportation equipment, primarily aircraft and parts, accounted for 58.4% of exports

Washington ranked #1 in exports per capita in 2016. The largest export partners are:

- Canada, $15.7 billion
- China, $14.8 billion
- Japan, $8.1 billion
- Korea, $5.1 billion

<table>
<thead>
<tr>
<th>Largest Export Commodities, 2016*</th>
<th>Value**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civilian Aircraft, Engines &amp; Parts</td>
<td>46,465</td>
</tr>
<tr>
<td>Agriculture (6 largest categories)</td>
<td>9,593</td>
</tr>
<tr>
<td>Petrol Oil Bitum Mineral</td>
<td>1,237</td>
</tr>
<tr>
<td>Ultrasonic Scanning Apparatus</td>
<td>697</td>
</tr>
<tr>
<td>Coniferous Wood in the Rough, Not treated</td>
<td>693</td>
</tr>
<tr>
<td>LT Oils, Preps GT=70% Petroleum/Bitumen</td>
<td>540</td>
</tr>
</tbody>
</table>

*Excludes software and services
**$ in millions

Sources: US Census Bureau, Office of Financial Management, CNBC
Exports increased by 3.9% in Q1 2018 compared to Q1 2017.

Transportation equipment exports (mostly Boeing planes) and exports of agricultural products both rose 2.8% (Q1 2018 over Q1 2017) while exports of all other commodities (mostly manufacturing) increased 6.2% over the same period.

*Year-to-Date
Source: WISER Trade Data; data through Q1 2018
Unemployment

May 2018 Unemployment
Washington: 4.7%
Seattle: 3.8%
US: 3.8%

Employment and Income

2018 Washington employment growth is expected to be 2.5%

Personal income grew by 7.4% in Q1 2018, faster than the national average of 4.3%

Sources: ERFC Economic and Revenue Forecast Update, June 2018; Bureau of Labor Statistics, BEA, ERFC historical data through 2017
According to the S&P/Case-Shiller home price index, over-the-year growth for Seattle was 13%.

Seattle home prices are 31% above the previous May 2007 peak.

Sources: Census; ERFC Economic and Revenue Forecast Update, June 2018; historical data through 2017
Revenue Act collections are $41.4 million above the June 2018 forecast.

Growth in seasonally adjusted Revenue Act collections have been in an upward trend since 2009.

Q1 2018 grew by 8.2% compared to Q1 2017.

*Current definition, adjusted for large payments/refunds and timing of payments. Does not include property taxes.

Sources: Department of Revenue; ERFC Economic and Revenue Forecast Update, June 2018; ERFC Economic and Revenue Update, July 2018
Retail Sales Tax and Business & Operating (B&O) Receipts

Adjusted sales tax collections increased by:
- 6.0% in 2017
- 7.9% in 2018
- Expected to grow 6.6% in 2019

B&O tax receipts increased by:
- 5.3% in 2017
- 8.5% in 2018
- Expected to grow 2.8% in 2019

Source: ERFC Economic and Revenue Forecast Update, June 2018
Large commercial transactions increased slightly in June, while residential activity decreased slightly.
III. General Obligation Pledge
Washington’s Debt Portfolio

Outstanding Obligations ($ mm)  
(as of 6/30/2018)

<table>
<thead>
<tr>
<th>Obligation Type</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various Purpose GO</td>
<td>11,845</td>
</tr>
<tr>
<td>Motor Vehicle Fuel Tax GO</td>
<td>6,753</td>
</tr>
<tr>
<td>Triple Pledge (Tolls, MVFT, GO)</td>
<td>583</td>
</tr>
<tr>
<td>GARVEEs (Pledged Federal Aid)</td>
<td>589</td>
</tr>
<tr>
<td>TIFIA (Tolls)</td>
<td>297</td>
</tr>
<tr>
<td><strong>Leasehold Financing Contracts</strong>*</td>
<td><strong>1,187</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21,254</strong></td>
</tr>
</tbody>
</table>

Total State Obligations

- Various Purpose 56%
- Transportation Financings 39%
- Motor Vehicle Fuel Tax 82%
- Triple Pledge 7%
- GARVEEs 7%
- TIFIA 4%

$13,037 mm

Transportation Obligations

GO Bond Credit Ratings

<table>
<thead>
<tr>
<th>AA+</th>
<th>Aa1</th>
<th>AA+</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P</td>
<td>Moody’s</td>
<td>Fitch</td>
</tr>
</tbody>
</table>

Certificates of Participation Credit Ratings

<table>
<thead>
<tr>
<th>Aa2</th>
<th>Moody’s</th>
</tr>
</thead>
</table>

*State agency leasehold financing contracts only, including Lease Revenue Bonds
Source: Office of the State Treasurer
The amount of D/S backed by General State Revenues (GSR) is Constitutionally limited.

For FY 2018, D/S is limited to 8.25% of the 6-year mean of GSR.

In 2034 the limit drops to 8%.

Sources: Office of Financial Management; ERFC Economic and Revenue Forecast Update, June 2018; Office of the State Treasurer.
Various Purpose GO Debt Service Schedule by FY as of June 30, 2018 ($ mm)

Source: Office of the State Treasurer
Various Purpose GO Outstanding Principal by FY as of June 30, 2018 ($ mm)

- 5-Year % Retired: 36%
- 10-Year % Retired: 68%
- 15-Year % Retired: 88%
- 20-Year % Retired: 97%

Source: Office of the State Treasurer
Pension Funded Ratio

Assumed rate of return:
• 2008: 8.0%
• 2011: 7.9%
• 2013: 7.8%
• 2015: 7.7%
• 2018: 7.5%

In 2014 the method for calculating funded status changed from Projected Unit Credit to Entry Age Normal

The adjustments are a positive change for the long term health of the system

*Preliminary
Sources: Office of the State Actuary; S&P; Morningstar
IV. Transportation Update
June 2018 forecast projects gross transportation revenue for 2017-19 at $6.5 billion, a 10.5% increase from 2015-17.
The enacted 2018 supplemental WSDOT transportation budget for 2017-19 provides:

2018 Supplemental
Operating Budget $1.9 billion
Capital Budget $4.4 billion
Total Appropriation $6.3 billion

WSDOT construction projects in 2017-19 include work on:
- The Alaskan Way Viaduct Replacement
- The Tacoma/Pierce County HOV Program
- I-90/Snoqualmie Pass East
- US 395/NSC BNSF Railway Structures/Realignment
Nickel Funding Package

The Nickel package includes:

- $0.05 per gallon gas tax increase, effective July 1, 2003
- 15% increase in gross weight fees on heavy trucks
- 0.3% increase in the sales tax on motor vehicles

Nickel capital projects include*:

- Alaskan Way Viaduct design
- SR 520 Bridge design
- Construction of a ferry and terminal improvements
- Projects for congestion relief and improved safety
- Other projects throughout the State

*Refer to the LEAP transportation project list for currently funded Nickel projects

Sources: Washington State Department of Transportation; Office of the State Treasurer
The Transportation Partnership (TPA) package includes:

- $0.095 gas tax increase phased in over four years (with $0.01 dedicated to cities and counties), beginning on July 1, 2005
- Vehicle weight fee on passenger cars
- Light truck weight fee increase
- Annual motor home fee

TPA capital projects include*:

- The Alaskan Way Viaduct
- SR 520 Bridge design and construction
- Central Puget Sound bridge seismic retrofit
- Projects for congestion relief and improved safety
- Other projects throughout the State

*Refer to the LEAP transportation project list for currently funded TPA projects
Connecting Washington

The Connecting Washington transportation package includes:
- $0.07 fuel tax increase effective August 1, 2015
- Additional $0.049 fuel tax increase effective July 1, 2016
- License fees by weight for trucks and cars increase effective July 1, 2016

Connecting Washington capital projects include*:
- SR 167/SR 509 Puget Sound Gateway
- SR 520 Westside Project
- I-405 Renton to Lynnwood
- Highway system
- US 395 North Spokane Corridor
- 127 other projects ($5 billion)

*Refer to the LEAP transportation project list for currently funded Connecting Washington projects

Source: Washington State Department of Transportation
Motor Vehicle Fuel Tax (MVFT) Debt Service as % of MVFT Revenues by FY ($ mm)

Sources: Transportation Revenue Forecast Council; Washington State Department of Transportation; Office of the State Treasurer
Outstanding Obligations ($ mm) (as of 6/30/2018)

<table>
<thead>
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<td>Total</td>
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*State agency leasehold financing contracts only, including Lease Revenue Bonds
Source: Office of the State Treasurer

Washington's Debt Portfolio

Total State Obligations

- Various Purpose 56%
- Transportation Financings 39%
- Motor Vehicle Fuel Tax 82%
- TIFIA 4%
- GARVEEs 7%
- Triple Pledge 7%

Transportation Obligations

$8,222 mm
MVFT Debt Service Schedule by FY
as of June 30, 2018 ($ mm)

Sources: Washington State Department of Transportation; Office of the State Treasurer
Note: Includes Triple Pledge Bonds, excludes TIFIA and GARVEEs
MVFT Outstanding Principal by FY as of June 30, 2018 ($ mm)

5-Year % Retired: 33%

10-Year % Retired: 65%

15-Year % Retired: 85%

20-Year % Retired: 96%

Sources: Washington State Department of Transportation; Office of the State Treasurer
Note: Includes Triple Pledge Bonds, excludes TIFIA and GARVEEs
The cost of the SR 520 Floating Bridge and Eastside plus West Approach Bridge North Project and the Westside Project is estimated to be $4.507 billion.

The SR 520 Corridor is 12.8 miles long from I-5 in Seattle to the west and crossing Lake Washington to SR 202 in Redmond. The corridor is one of two major east-west roadways crossing Lake Washington and includes two major bridges: a floating bridge which is 1.42 miles long (the longest floating bridge in the world), and the Portage Bay (elevated) bridge.

The SR 520 Corridor Program includes two major projects:

- The SR 520 Floating Bridge and Eastside plus West Approach Bridge North Project, which is substantially complete.
- The Westside Project, also known as the “Rest of the West”, has been funded by the Legislature as part of the Connecting Washington transportation package and is expected to be completed in 2027.

Source: Washington State Department of Transportation
### SR 520 Corridor Project: Actual Traffic and Revenue vs. Projections

<table>
<thead>
<tr>
<th>Traffic and Toll Revenue*</th>
<th>Forecast</th>
<th>Actual</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Toll Transactions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>22,886,000</td>
<td>23,217,000</td>
<td>+ 1.4%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>24,190,000</td>
<td>23,974,779</td>
<td>- 0.9%</td>
</tr>
<tr>
<td>FY 2018 through April</td>
<td>20,429,000</td>
<td>21,090,165</td>
<td>+ 3.2%</td>
</tr>
<tr>
<td><strong>Gross Toll Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>74,492,000</td>
<td>74,801,674</td>
<td>+ 0.4%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>82,371,000</td>
<td>81,913,287</td>
<td>- 0.6%</td>
</tr>
<tr>
<td>FY 2018 through April</td>
<td>72,429,000</td>
<td>73,978,899</td>
<td>+ 2.1%</td>
</tr>
<tr>
<td><strong>Net Toll Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2016</td>
<td>55,901,000</td>
<td>58,773,457</td>
<td>+ 5.1%</td>
</tr>
<tr>
<td>FY 2017**</td>
<td>59,479,000</td>
<td>63,865,423</td>
<td>+ 7.4%</td>
</tr>
<tr>
<td>FY 2018 through April</td>
<td>51,622,000</td>
<td>54,398,268</td>
<td>+ 5.4%</td>
</tr>
</tbody>
</table>

*FY 2016 data is compared to the November 2015 forecast, FY 2017 data is compared to the November 2016 forecast, and FY 2018 data is compared to the November 2017 forecast.

**FY 2017 net revenue includes sales of right of way valued at $2.85 mm not previously included in the forecast.

Source: Washington State Department of Transportation
Alaskan Way Viaduct Updates

Alaskan Way Viaduct (AWV) Replacement Program:

• 65 year old structure is being replaced with a two mile long bored tunnel beneath downtown Seattle, highway connections to the tunnel, an overpass at the south end of downtown, and a new surface street along the waterfront

• In April 2017, Bertha broke through the surface of the AWV tunnel, marking the end of the 9,270 foot journey beneath Seattle

• The cost to complete the program is $3.30 billion
  o There was a two-year delay in tunnel boring
  o The responsibility for additional costs and delays associated with this work is currently the subject of litigation

• Based on the contractor’s latest schedule, the tunnel could open to drivers as soon as fall 2018

• The State plans to issue up to $200 mm of MVFT GO Bonds for the AWV, to be reimbursed by toll revenues
  o Of the $200 mm, $122 mm has been authorized to be issued during the 2017-19 biennium and $78 mm is expected to be authorized for the 2019-21 biennium

Source: Washington State Department of Transportation
V. Investments and Fund Balances
Alternative Liquidity

Treasury/Trust Fund Balances
FY Ending Cash Balance* ($ mm)

* All inclusive net of GF-S, VP GO bond proceeds, and MVFT GO bond proceeds

Sources: Office of Financial Management; ERFC Economic and Revenue Forecast Update, June 2018; Office of the State Treasurer
The Treasury/Trust balance represents the total of the commingled State funds managed by the Office of the State Treasurer.

The State has strong cash management policies and sound liquidity.

Source: Office of the State Treasurer
The State maintains conservative investment practices and policies.

---

### Investment Practices are Conservative

The State maintains conservative investment practices and policies.

#### Average Daily Balances by Security Class

<table>
<thead>
<tr>
<th>Treasury &amp; Treasurer's Trust Funds</th>
<th>June 2018 ($ in Thousands)</th>
<th>(%)</th>
<th>July 2017 - June 2018 ($ in Thousands)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Agency</td>
<td>1,350,839</td>
<td>17.5</td>
<td>1,540,262</td>
<td>25.1</td>
</tr>
<tr>
<td>Supranational Agency</td>
<td>646,243</td>
<td>8.4</td>
<td>544,492</td>
<td>8.9</td>
</tr>
<tr>
<td>U.S. Treasury</td>
<td>1,858,576</td>
<td>24.0</td>
<td>1,762,922</td>
<td>28.7</td>
</tr>
<tr>
<td>Corporate Notes</td>
<td>123,572</td>
<td>1.6</td>
<td>95,694</td>
<td>1.6</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>165,844</td>
<td>2.1</td>
<td>43,327</td>
<td>0.7</td>
</tr>
<tr>
<td>LGIP Deposit</td>
<td>3,418,002</td>
<td>44.2</td>
<td>1,980,607</td>
<td>32.3</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>169,730</td>
<td>2.2</td>
<td>171,248</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>7,732,806</td>
<td>100</td>
<td>6,138,552</td>
<td>100</td>
</tr>
</tbody>
</table>

**Weighted Average Maturity: 341 days**

<table>
<thead>
<tr>
<th>LGIP</th>
<th>($ in Thousands)</th>
<th>(%)</th>
<th>($ in Thousands)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Agency</td>
<td>5,336,447</td>
<td>33.7</td>
<td>4,789,006</td>
<td>36.0</td>
</tr>
<tr>
<td>Supranational Agency</td>
<td>871,801</td>
<td>5.5</td>
<td>616,071</td>
<td>4.6</td>
</tr>
<tr>
<td>U.S. Treasury</td>
<td>3,211,545</td>
<td>20.3</td>
<td>3,457,727</td>
<td>26.0</td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>4,915,833</td>
<td>31.1</td>
<td>3,172,512</td>
<td>23.9</td>
</tr>
<tr>
<td>Interest Bearing Bank Accounts</td>
<td>1,313,794</td>
<td>8.3</td>
<td>1,163,326</td>
<td>8.7</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>166,395</td>
<td>1.1</td>
<td>101,617</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>15,815,815</td>
<td>100</td>
<td>13,300,259</td>
<td>100</td>
</tr>
</tbody>
</table>

**Weighted Average Maturity: 33 days**

Source: Office of the State Treasurer
VI. Risk Management
Cyber Security

The State carries two insurance policies providing a total of $5 mm of cyber security coverage:

- $2 mm master property policy and cyber liability; $100,000 deductible
- $3 mm secondary insurance policy

Limits are not restored

Office of Cyber Security (OCS) was established in 2015 and is responsible for:

- Establishing and monitoring statewide IT security standards
- Preventing and responding to IT security incidents
- Cyber information sharing with State agencies, federal government, and local government

State Auditor performs penetration testing on several agencies per year

Office of the Secretary of State works collaboratively with the Department of Homeland Security (DHS) to ensure elections system security

- Includes penetration testing, web application testing, and social engineering
- Employs recommended elections standards including paper-based systems, independent testing, election audits, and security measures
- Cyber Resilience Review provided by DHS at no cost

Sources: Department of Enterprise Services, Office of Risk Management; Office of Chief Information Officer, Office of Cyber Security
Natural Disasters

The loss of life and property damage that could result from a major earthquake or other major natural disasters could have a material and adverse impact on the State, its economy, and financial condition

- Cascadia subduction zone may produce a major earthquake with a resulting tsunami along coastline
- Other potential disasters include volcanic eruptions, mudslides, wildfires, floods, wind storms, drought, and avalanches
- Weather-related events may be impacted by a changing climate

Actions of the Governor’s Office:

- Executive Order 14-04 passed in 2014 created the Carbon Emissions Reduction Taskforce
- Joined the Pacific Coast Collaborative and signed the Under 2 MOU, commitments to climate action greenhouse gas reduction

Legislation for a carbon tax has been proposed but not passed; an initiative to levy a fee of $15 per metric ton of carbon on large emitters has been proposed for the November ballot

Sources: DES Office of Risk Management; Office of Cyber Security; Governor’s Office
VII. Debt Issuance Plans
State Financing Calendar and Contact Information

New Issue Calendar*

<table>
<thead>
<tr>
<th>Timing</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 14, 2018</td>
<td><strong>Washington State</strong>&lt;br&gt;-$48 mm Certificates of Participation</td>
</tr>
<tr>
<td>August 29, 2018</td>
<td><strong>Washington State</strong>&lt;br&gt;-$328 mm Various Purpose GO Bonds (tax-exempt)&lt;br&gt;-$101 mm Motor Vehicle Fuel Tax GO Bonds (tax-exempt)&lt;br&gt;-$146 mm GO Bonds (taxable)</td>
</tr>
</tbody>
</table>

*Preliminary, time and size subject to change

Website: [tre.wa.gov](http://tre.wa.gov)

For questions, please contact the following individuals at the Office of the State Treasurer:

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Source: Office of the State Treasurer