

## Debt Administration

### State Finance Committee

The Debt Management Section of the Office of the State Treasurer provides staff support to the State Finance Committee. The committee is composed of the Governor, Lieutenant Governor, and State Treasurer, the latter being designated by law as chairman. By statutory provision, the committee is delegated authority to supervise and control the issuance of all state bonds.

### Bond Program

During fiscal year 2013, the State Finance Committee sold \$549.8 million in new money Various Purpose General Obligation bonds and \$542.4 million in new Motor Vehicle Fuel Tax General Obligation bonds. Bonds were issued for various capital and transportation projects.

In October 2012, the state issued the third series of bonds for the SR 520 Corridor Program as a Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond), which represents a draw-down loan from the Federal Highway Administration. The state does not expect to draw on the loan until 2014. The TIFIA Bond is payable solely from toll revenues.

During fiscal year 2013, the state also executed refunding sales: \$1,097.2 million various purpose general obligation refunding bonds and \$539.8 million motor vehicle fuel tax general obligation refunding bonds. On a present value basis, savings over the life of the refunded bonds total \$160.2 million. Debt service savings in the 2011-13 biennium total \$6.4 million and savings in the 2013-15 biennium total \$11.9 million.

Outstanding long-term bonded debt as of June 30, 2013 totaled \$18.7 billion. Included in this total is \$518.8 million in "Triple Pledge Bonds" and \$500.4 million in Federal Highway Grant Anticipation Revenue (GARVEE) Bonds. Triple Pledge Bonds are first payable from toll revenue, then state excise taxes on motor vehicle and special fuels, and finally from the state's full faith and credit, while the GARVEE bonds are limited obligations of the state payable from and secured solely by pledged federal aid.

All of the state's VRDOs were refunded in January 2013. On an annualized basis, FY 2013 variable rate demand obligations (VRDO) all-inclusive interest rates were 0.58% (including 0.44% in remarketing and liquidity costs).

General obligation debt is subject to constitutional limitations as prescribed by the Washington State Constitution. As of June 30, 2013, the aggregate debt contracted by the state did not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than nine percent of the arithmetic mean of its general state revenues for the three immediately preceding fiscal years. The arithmetic mean of its general state revenues for fiscal years 2010, 2011, 2012 is \$12,533,089,246. The debt service limitation, nine percent of this mean, is \$1,127,978,032. The state's maximum annual debt service as of June 30, 2013, on debt service subject to the constitutional debt limitation is \$1,056,377,583 or \$71,600,449 less than the debt service limitation.

### Lease Purchase Program

The Office of the State Treasurer administers the state Lease-Purchase Program that enables state agencies to realize substantial savings by financing the acquisition of real and personal property at low tax-exempt interest rates.

Since 1998, the Lease-Purchase program has been extended to local governments in the Local Option Capital Asset Lending Program (LOCAL). The LOCAL program provides economies of scale, the state's COP rating, and standardized documentation. LOCAL has financed 570 equipment transactions totaling \$134 million and 70 real estate transactions for \$58 million on behalf of more than 300 local governments.

As of June 30, there were \$704.9 million in outstanding certificates of participation. Underlying this amount were financing contracts in the amounts of \$626.8 million for 47 state agencies and \$78.1 million for 163 local governments.

### School Bond Guarantee Program

During the 1999 legislative session, the Washington State Legislature created a Washington State school bond credit enhancement program. The program's purpose is to provide savings to state taxpayers by pledging the full faith and credit of the state of Washington to the payment of voter-approved school district general obligation bonds.

Since its implementation in 2000, the program has been widely used by school districts. As of June 30, bonds totaling over \$15.2 billion have been issued by 216 school districts under the program, with \$8.55 billion outstanding.