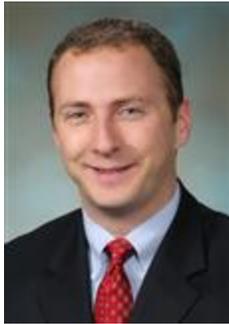


Loss of a Dear Friend



Sen. Scott White, 46th Legislative District

Many of you heard of the sudden passing of Senator Scott White on Friday Oct. 21, 2011. The State of Washington will miss Scott White. He was one the rising stars in the Legislature with a bright future in Washington politics. Smart, articulate, well-liked, Scott was already establishing himself as a "go-to guy" on complex and difficult issues.

Scott dedicated his life to public service. For five years, Scott and I taught Legislative Relations at the UW's Evans School of Public Affairs. He cared and thought deeply about public policy and was a mentor and inspiration to students. And at the end of our teaching experience, I urged him to run for my seat when I left the Legislature. He was clearly one of the next generations of leaders in Washington public life.

More than a political ally, Scott was a trusted colleague and personal friend. Those of us who watched him build his life with Allison and experience the joys and responsibilities of parenthood are devastated - we mourn his loss and pray for his family.

Financial Education

Our office is continuing to expand and develop our Financial Education program. I have recently release Washington's Financial Football in partnership with Jump\$tart, Visa Inc., the NFL and Seahawks. Financial Football is a new, fun, and innovative tool to help kids learn about the importance of making good financial decisions. The game presents questions to the students and in order to advance down the field they have to answer a series of questions correctly. An incorrect answer will result in a loss of a down or potentially a fumble. If they are successful in answering all the questions then they are awarded with a touchdown. Also included in the game is a curriculum that teachers can use and integrated into lesson that they are already teaching their students. Each middle school and high school in our state was provided a copy of this game. I hope they find it useful and I have encouraged them to provide feedback as to how helpful this new tool is. The game can also be accessed on-line as well at:

<http://www.watreasurer.financialfootball.com>. If you are interested in a copy or know of a teacher who would benefit from this new innovative tool please contact my Director of External Affairs Gina Stark at regina.stark@tre.wa.gov or 360.902-9003.

In addition, there will be an event at Rainer Beach High School on November 1, 2011 where students will get an opportunity to play the game against each other. Also joining me for this wonderful community event will be Travaris Jackson, quarterback for the Seahawks, Jump\$tart Board members, and Visa Inc. representative. This will be a fun and engaging event for the students and an opportunity to show how important making good financial decision are when they are planning for their future but is also shows them that learning can be fun. Check my website after the event for pictures www.tre.wa.gov.

Special Session

As many of you have heard by now the Governor has called for a special session. The last forecast showed our revenues were down more than \$1.4 billion for the 2011-2013 biennium, compared to the previous quarterly forecast in June, making our total budget deficit \$2 billion. The forecast also lowered projected revenue for the 2009–11 biennium, which ended June 30, by about \$25 million. Unfortunately, there will be more cuts but hopefully the Legislature will be able to find new revenue. As before, I will encourage the legislature to not use gimmicks or short term fixes that don't work. I will work to provide any help or assistance the legislature and budget writers need as they tackle this difficult challenge. I will keep you posted.

October Refinancing Saves State \$11 Million

On October 13, 2011 my office refinanced \$ 531.775 million of outstanding bonds to get net present value savings of more than \$51.6 million over the remaining life of the debt.

Thursday's refinancing allowed the state to lower debt service payments for the 2011-13 biennium by nearly \$10.7 million to provide much-needed relief for the state's operating budget. Debt service payments from the General Fund are slated to reach \$1.9 billion this biennium.

The Legislature's continued commitment to keep our budget balanced has kept our credit rating strong in the face of challenging economic times and investor confidence in our credit has let us maintain access to the bond markets so that we can reduce the interest rates we're

paying on old debt. In this tight budget environment, it is critical to borrow at the lowest possible rates so that every penny of savings can be put to work as part of the budget solution.

J.P. Morgan Chase was the lead underwriter for the sale securing an All-in True Interest Cost (TIC) of 2.52 percent on the \$461.4 million Various Purpose GO Refunding Bonds and a TIC of 3.31 percent on the \$42.3 million Motor Vehicle Fuel Tax GO Refunding Bonds.

Debt Commission Meeting

The Debt Commission held public meetings on October 6th and Oct. 21st. The Commission has been looking at the state's current transportation and capital budgets and what is the projected debt is going forward. It is clear that over time our capital and transportation budgets are increasingly reliant on revenues from bonds compared to the use of other funds. Excluding transportation debt, a majority of our debt service payments going to pay off bonds that went towards higher education and public education.

Certainly, our ability to issue debt and pay off our obligations relies on our revenues. On the October 6th meeting Dr. Arun Raha our Chief Financial Officer presented to the commission the impact of state construction and our revenues. He presented among other things that \$1 million spent on highway construction could generate \$88,000 thousand in tax revenue over time and this really illustrated how crucial construction is to our economy.

At the October 21 meeting Robert Wassmer and Ronald Fisher presented on Washington's debt compared to other states in our nation. Among the 15 selected comparison states they used in their study Washington is ranked fifth or sixth in using various measures of long-term state debt (excluding private purposes) to finance projects.

In addition we began to ask important questions like what types of debt should be subject to a limit? Should general obligation transportation debt, considered by rating agencies as the same as general obligation various purpose debt, be subject to the debt limit?

The Commission will be making a final recommendation to the Legislature on Dec. 1, 2011. To view presentations or other Commission's documents please visit my website:

<http://www.tre.wa.gov/news/debtCommission.shtml>