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Washington State Achieves Record Low Interest rates in \$765 million Competitive Bond Sale

OLYMPIA - Washington's AA+ rated bonds drew strong competition and earned record low rates in Tuesday's \$765 million competitive bond sales.

"This is the lowest borrowing rate for transportation projects Washington has seen in 30 years," said State Treasurer James L. McIntire. "It demonstrates that we are getting the maximum value for the public's state tax dollars."

The \$401 million Motor Vehicle Fuel Tax General Obligation Bonds for highway projects sold at a True Interest Cost of 4.275 percent.

J.P. Morgan Securities Inc. was the successful bidder on all three offerings presented in Tuesday's sale.

In addition to transportation projects, the proceeds from the two other sales will be used to pay for various capital project expenditures, including higher education facilities, Columbia River Basin water supply development, farmland preservation and affordable housing.

McIntire said the sale reflects Washington's solid financial practices.

"We are a state that has stepped up to its responsibility for bringing expenditures in line with revenue," said McIntire. "We manage and monitor our financial circumstances quite closely and we will continue to do so. It has earned us a double-A rating and we are realizing the value in that today.

"There has been a lot in the news lately about the difficulties of state financing at this time," said McIntire. "While we face difficult circumstances, today's sale shows that we have our financial house in order. Even with the recent revenue drops, we maintain the confidence of the rating agencies and the bond markets."

The sale will benefit some of the Washington residents who have been hardest hit by the economic downturn.

Proceeds from the \$64,905,000 General Obligation Bonds, Series 2010T go to the Housing Trust Fund, which provides safe and affordable housing in communities throughout the state. The Housing Trust Fund supports the construction and rehabilitation of more than 4,500 housing units each biennium.

The proceeds from the \$298,800,000 Various Purpose General Obligation Bond, Series 2010A sale go to various capital project expenditures, state buildings and facilities for institutions of higher education, multimodal transportation projects, public school skill centers facilities, and state programs for Columbia River Basin water supply development, farmland conservation, riparian protection, habitat conservation and outdoor recreation.

The State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2010B provide \$401,410,000 for transportation projects.

J.P. Morgan Securities Inc. was the successful bidder for the 2010B Series with their 4.275 percent True Interest Cost (TIC) bid. Also bidding were Merrill Lynch & Co. (4.285 percent TIC), Citigroup Global Markets Inc. (4.286 TIC), Barclays Capital, Inc. (4.297 TIC), Morgan Stanley & Co Inc. (4.306 TIC), and Goldman, Sachs & Co. (4.355 TIC).

J.P. Morgan Securities Inc. also was the successful bidder for the 2010A Series with their 4.430 percent True Interest Cost (TIC) bid. Also bidding were Citigroup Global Markets Inc. (4.442 percent TIC), Morgan Stanley & Co. Inc. (4.473 percent TIC), Barclays Capital, Inc. (4.480 percent TIC), Merrill Lynch & Co. (4.491 percent TIC), and Goldman, Sachs & Co. (4.608 percent TIC).

J.P. Morgan Securities Inc. won out over 15 other bidders for the Series 2010T (Taxable) Bond with a 3.003 percent True Interest Cost (TIC) bid. Also bidding were Citigroup Global Markets Inc. (3.083 percent TIC), Ramirez & Co. (3.097 percent TIC), Morgan Keegan & Co., Inc. (3.105 percent TIC), Stifel Nicolaus & Company, Inc. (3.127 percent TIC), Piper Jaffray (3.184 percent TIC), BMO Capital Markets (3.196 percent TIC), Merrill Lynch & Co. (3.226 percent TIC), Barclays Capital, Inc. (3.240 percent TIC), Jefferies & Company, Inc. (3.250 percent TIC), RBC Capital Markets (3.294 percent TIC), Duncan-Williams, Inc. (3.335 percent TIC), Vining-Sparks IBG, Limited Partnership (3.353 percent TIC), Robert W. Baird & Co., Inc. (3.358 percent TIC), Goldman, Sachs & Co. (3.360 percent TIC) and Wachovia Bank, National Association (3.442 percent TIC).