STATE FINANCE COMMITTEE

September 7, 2011
Office of the State Treasurer
Legislative Building, Room 230
Olympia, WA
2:00 PM

AGENDA

1. Approval of minutes of the June 6, 2011 State Finance Committee meeting.

2. Informational Item: Results of the July 2011 bond sales.

3. Informational Item: Recap of 2009-11 Biennium bond sales.

4. Resolution 1114 authorizes the issuance of State of Washington Various Purpose General Obligation Bonds, in the maximum principal amount of $1,356,364,000 pursuant to various bond acts for the purpose of providing funds to pay and reimburse state expenditures for various state projects identified in those bond acts; providing for certain terms and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds in one or more sales.

5. Resolution 1115 authorizes the issuance of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, in the maximum principal amount of $1,716,303,000 pursuant to various bond acts for the purpose of providing funds to pay and reimburse state expenditures for various transportation projects identified in those bond acts; providing for certain terms and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds in one or more sales.

6. Resolution 1116 authorizes the issuance of various purpose general obligation refunding bonds in the maximum principal amount of $7,118,830,000 and motor vehicle fuel tax general obligation refunding bonds of the state in the maximum principal amount of $5,145,400,000, for the purpose refunding certain outstanding various purpose general obligation bonds and motor vehicle fuel tax general obligation bonds of the state and thereby effecting a debt service savings to the state.

7. Proposed Motion: "That the Committee pursuant to RCW 39.94.040 approve and direct the State Treasurer to implement the 2011-13 biennium finance plan for state financing contracts and issuance of certificates of participation therein as presented to the Committee and on file with the State Treasurer."

8. Discussion Item: SR-520 Master Bond Resolution pertaining to Floating Bridge and Eastside.

State Finance Committee Meeting Minutes
Olympia, Washington
June 6, 2011
11:10 am

The State Finance Committee met in a special meeting after notice duly given to the public.

Present: James McIntire, State Treasurer, Chair
Christine O. Gregoire, Governor
Brad Owen, Lt. Governor

Also Present: Ellen Evans, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Wolfgang Opitz, Office of the State Treasurer
Johnna Skyles Craig, Assistant Attorney General

Chair McIntire called the meeting to order at 11:10 am on June 6, 2011.

Item 1: Approval of the Minutes

Treasurer McIntire introduced the motion to approve the minutes from the January 25, 2011 State Finance Committee Meeting. The motion was moved by the Lt. Governor Brad Owen, seconded by Governor Christine Gregoire and approved unanimously.

Item 2: Resolution 1108

Treasurer McIntire introduced Resolution 1108. Resolution 1108 amends Resolution 1084 to increase the maximum principal amount of Various Purpose General Obligation Bonds by $47.165 million to provide for the July sale. The motion was moved by the Governor, seconded by the Lt. Governor and adopted unanimously.

Item 3: Resolution 1109

Treasurer McIntire introduced Resolution 1109. Resolution 1109 amends Resolution 1085 to increase the maximum principle amount of Motor Vehicle Fuel Tax General Obligation Bonds by $113.597 million to provide for the July sale. The motion was moved by the Governor, seconded by the Lt. Governor and adopted unanimously.

Item 4: Refinancing of COP Contracts

Treasurer McIntire introduced a motion that would approve and direct the State Treasurer to refinance up to $18.5 million of financing contracts including issuance of refunding Certificates of Participation (COP) that meet the savings threshold of the committee's debt issuance policy. Treasurer McIntire motioned to approve the refinancing of COP contracts. The motion was moved by the Governor, seconded by the Lt. Governor and adopted unanimously.

Treasurer McIntire outlined his office's expectation for upwards of $400 million in refinancing over the summer.

Lt. Governor Owen inquired about the process of establishing the Debt Commission.

Governor Gregoire requested that the State Finance Committee hold its next meeting in September rather than August to allow her to participate in person. The Governor also inquired about the development of the Debt Commission. Treasure McIntire indicated that his staff had already begun work on the Debt Commission and would provide both the Governor and Lt. Governor with an update soon.

Treasurer McIntire adjourned the meeting at 11:20 am.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

By_____
James L. McIntire
State Treasurer and Chairman

By_____
Christine O. Gregoire
Governor and Member

By_____
Brad Owen
Lieutenant Governor and Member

ATTEST:

_____
Ellen Evans, Deputy State Treasurer
and Secretary

State of Washington
STATE FINANCE COMMITTEE

JAMES L. McINTIRE, *Chairman*
State Treasurer

CHRISTINE O. GREGOIRE
Governor

BRAD OWEN
Lieutenant Governor

September 2, 2011

MEMORANDUM

TO: The Honorable James L. McIntire
The Honorable Christine O. Gregoire
The Honorable Brad Owen

FROM: Ellen Evans
Deputy State Treasurer / Secretary

RE: **Report on Bond Sales:** July 19-20, 2011

On July 19-20, 2011, the State Finance Committee acting by and through the State Treasurer awarded the sale of

1) $89,350,000 State of Washington Motor Vehicle Fuel General Obligation Bonds, Series 2012B-2, by adopting Resolution 1110,
2) $390,845,000 State of Washington Various Purpose General Obligation Bonds, Series 2012A, by adopting Bond Sale Resolution 1111,
3) $238,375,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2012B-1, by adopting Bond Sale Resolution 1112, and
4) $27,740,000 State of Washington General Obligation Bonds, Series 2012T (Taxable), by adopting Bond Sale Resolution 1113.

The purpose of the bonds and the results of the sales are summarized below:

- **Purpose of the Bonds.**
  The Series 2012A bonds were issued to provide funds for various capital projects, state buildings and facilities for institutions of higher education, and state programs for Columbia River Basin water supply development, farmland preservation, riparian protection and outdoor recreation.

  The Series 2012B-1 and Series 2012B-2 bonds were issued to fund a variety of state highway and ferry improvement projects including lane and bridge construction in Snohomish County, lane construction on SR 9, construction of a new I-5 interchange in King County, lane

construction on I-405, improvements to the southern mile of the Alaskan Way Viaduct, construction of HOV lanes on I-5 in Tacoma, improvements to a section of I-90 near Snoqualmie Pass and the construction of two ferries and improvements to state ferry facilities.

The Series 2012T bonds were issued to provide funds for non-transportation related projects and purposes that cannot be financed with tax-exempt bonds.

- **Bond Sales**

Negotiated Retail Sale (July 19, 2011). Series 2012B-2 bonds were sold on a negotiated basis following a two-day order period directed to retail investors. The lead underwriter was J.P. Morgan Securities LLC, although 21 national and Washington State brokerage firms participated in the sale. Washington residents had priority over all investors and accounted for approximately 70% of all orders.

Maturity	Coupon	Final Pricing Yield	Price	Maturity Amounts
8/1/2013	2.000%	0.480%	103.013%	3,435,000
8/1/2013	4.000%	0.480%	106.978%	41,255,000
8/1/2014	2.000%	0.750%	103.694%	2,135,000
8/1/2014	4.000%	0.750%	109.605%	3,320,000
8/1/2015	2.000%	1.050%	103.706%	2,170,000
8/1/2015	4.000%	1.050%	111.510%	2,170,000
8/1/2016	2.000%	1.360%	103.080%	2,995,000
8/1/2016	5.000%	1.360%	117.518%	1,500,000
8/1/2017	2.000%	1.730%	101.531%	2,485,000
8/1/2017	5.000%	1.730%	118.543%	2,170,000
8/1/2018	3.000%	2.110%	105.759%	2,505,000
8/1/2018	5.000%	2.110%	118.701%	2,335,000
8/1/2019	3.000%	2.470%	103.823%	2,220,000
8/1/2019	5.000%	2.470%	118.252%	2,740,000
8/1/2020	3.000%	2.710%	102.300%	820,000
8/1/2020	5.000%	2.710%	118.170%	555,000
8/1/2021	3.000%	2.880%	101.035%	700,000
8/1/2021	5.000%	2.880%	118.297%	310,000
8/1/2022	3.000%	3.070%	99.350%	2,635,000
8/1/2022	5.000%	3.070%	116.502%	425,000
8/1/2023	3.125%	3.260%	98.668%	1,575,000
8/1/2023	5.000%	3.260%	114.739%	320,000
8/1/2031	4.000%	4.080%	98.913%	2,865,000
8/1/2036	4.375%	4.480%	98.430%	5,710,000
				89,350,000

Competitive Institutional Sales (July 20, 2011). Series 2012A, 2012B-1, and Series 2012T were sold through competitive sales at the Office of the State Treasurer, July 20th at 7:30 a.m., 8:00 a.m., and 8:30 a.m., respectively.

Competitive Bid Results. The following bids were received on each series. The sale on each Series was awarded to the bidder with the lowest True Interest Cost (TIC).

Series 2012A	Bidder	TIC*	Results
	Citigroup Global Markets	4.0525958%	Low Bidder
	Banc of America Merrill Lynch	4.0766730%	
	Goldman, Sachs & Co.	4.0895718%	
	Wells Fargo Bank	4.1100074%	
	J.P. Morgan Securities LLC	4.1171135%	
	Barclays Capital, Inc.	4.1381001%	
	Morgan Stanley & Co Inc	4.1558221%	
	RBC Capital Markets	4.1585879%	

Series 2012B-1	Bidder	TIC*	Results
	Banc of America Merrill Lynch	4.2612370%	Low Bidder
	Goldman, Sachs & Co.	4.2862734%	
	Wells Fargo Bank	4.2960069%	
	Citigroup Global Markets Inc.	4.2960961%	
	J.P. Morgan Securities LLC	4.2961714%	
	Barclays Capital, Inc.	4.3146231%	
	Morgan Stanley & Co Inc.	4.3307306%	
	RBC Capital Markets	4.3471058%	
	Jefferies & Company, Inc.	4.3642909%	

Series 2012T	Bidder	TIC*	Results
	J.P. Morgan Securities LLC	0.6817500%	Low Bidder
	Wells Fargo Bank	0.7529816%	
	Morgan Stanley & Co Inc	0.7548944%	
	Citigroup Global Markets Inc.	0.7681084%	
	Goldman, Sachs & Co.	0.8275972%	
	BMO Capital Markets	0.8502218%	
	Jefferies & Company	0.8551965%	
	Banc of America Merrill Lynch	0.8649442%	
	RBC Capital Markets	0.8708656%	
	Robert W. Baird & Co., Inc.	0.8789315%	
	Ramirez & Co.	0.8917932%	
	Barclays Capital, Inc.	0.9311712%	
	Piper Jaffray	1.0992972%	
	D.A. Davidson & Co.	1.1578674%	
	BOSC, Inc	1.1941905%	

*True Interest Cost (TIC).

- **Description of Bonds.** The Series 2012A Bonds are tax-exempt current interest Bonds on which interest is paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2012A Bonds and the Series 2012T Bonds were structured to produce an approximate level debt service over the life of the Bonds.

  The Series 2012B-1 and Series 2012B-2 Bonds are tax-exempt current interest Bonds on which interest is paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2011B-1 Bonds and the Series 2012B-2 Bonds were structured to produce an approximate level debt service over the life of the Bonds in combination with the net debt service of the previously issued Build America Bonds (2010D and 2010F).

The Series 2012T Bonds are taxable current interest Bonds on which interest is paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2012A Bonds and the Series 2012T Bonds were structured to produce an approximate level debt service over the life of the Bonds.

- **Counsel and Advisors.**

Bond Counsel:	William Tonkin, Foster Pepper PLLC
Financial Advisor:	Jenny Poreé, Montague DeRose and Associates LLC

JAMES L. McINTIRE, *Chairman*
State Treasurer

CHRISTINE O. GREGOIRE
Governor

BRAD OWEN
Lieutenant Governor

State of Washington
STATE FINANCE COMMITTEE

September 2, 2011

MEMORANDUM

TO: The Honorable James L. McIntire
The Honorable Christine O. Gregoire
The Honorable Brad Owen

FROM: Ellen Evans
Deputy State Treasurer / Secretary

RE: **Recap of 2009-11 Biennium Bond Sales**

The State of Washington issued a total of $4,060 million general obligation bonds for new capital projects during the 2009-2011 Biennium: $1,999 million Various Purpose General Obligation Bonds and $2,061 million Motor Vehicle Fuel Tax General Obligation Bonds. In addition, more than $1,888 million General Obligation Refunding Bonds were sold during to lower the cost of outstanding debt.

State of Washington

2009-11 New Money Bond Issuance

Series	Sale Date	Purpose	Type	Par Value	Final TIC*	Bidders	Delegated Sale
2010A	7/14/2009	VP	New	298,800,000	4.43	6	
2010T	7/14/2009	VP	Taxable	64,905,000	3.00	16	
2010C	10/14/2009	VP	New	229,970,000	4.23	6	
2010E	1/13/2010	VP	New	487,950,000	4.10	8	
2011A	7/28/2010	VP	New	347,295,000	4.21	5	
2011T	7/28/2010	VP	Taxable	118,215,000	2.98	10	
2011B	1/19/2011	VP	New	361,950,000	4.98	8	Yes
2011T-2	1/19/2011	VP	Taxable	90,375,000	3.03	10	Yes
			SubTotal	$1,999,460,000			
2010B	7/14/2009	MVFT	New	401,410,000	4.27	6	
2010D	10/15/2009	MVFT	BAB-Taxable	503,365,000	3.52	n/a	
2010F	5/25/2010	MVFT	BAB-Taxable	1,156,045,000	3.22	n/a	
			SubTotal	$2,060,820,000			
			Total	$4,060,280,000			

* True Interest Cost

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State of Washington

2009-11 Refunding Bond Issuance

Series	Sale Date	Purpose	Type	Par Value	Final TIC*	Bidders	Delegated Sale
R-2010A	6/9/2009	VP	Refunding	$386,380,000	3.70	6	
R-2010B	10/14/2009	VP	Refunding	215,500,000	3.67	4	
R-2010C	10/14/2009	MVFT	Refunding	121,235,000	3.72	5	
R-2011A	7/28/2010	VP	Refunding	365,605,000	2.64	8	
R-2011B	9/15/2010	VP	Refunding	401,435,000	3.03	8	Yes
R-2011C	9/15/2010	MVFT	Refunding	393,950,000	2.87	8	Yes
				$1,884,105,000			

* True Interest Cost

- **New Money Issuance**. Proceeds from Various Purpose General Obligation Bonds funded various capital projects as shown by the deposits to the following funds:

Fund Number	Fund Name	Amount
057	State Building Construction Account	$ 1,558,675,119
070	Outdoor Recreation Account	25,297,808
072	St/Loc Impr Rev Acct Water Sup Fac	1,798,777
09C	Farmlands Preservation Account	5,899,872
09G	Riparian Protection Account	12,999,452
10P	Columbia River Basin Water Supply	28,485,214
218	Multimodal Transportation Account	62,998,659
244	Habitant Conservation Account	39,695,361
355	State Taxable Building Const. Account	272,825,376
357	Gardner-Evans Higher Ed Construction	21,519,171
359	School Construction & Skill Centers Building	84,380,342

Proceeds from Motor Vehicle Fuel Tax General Obligation Bonds funded transportation capital projects throughout the state as shown by par amounts allocated to the following funds:

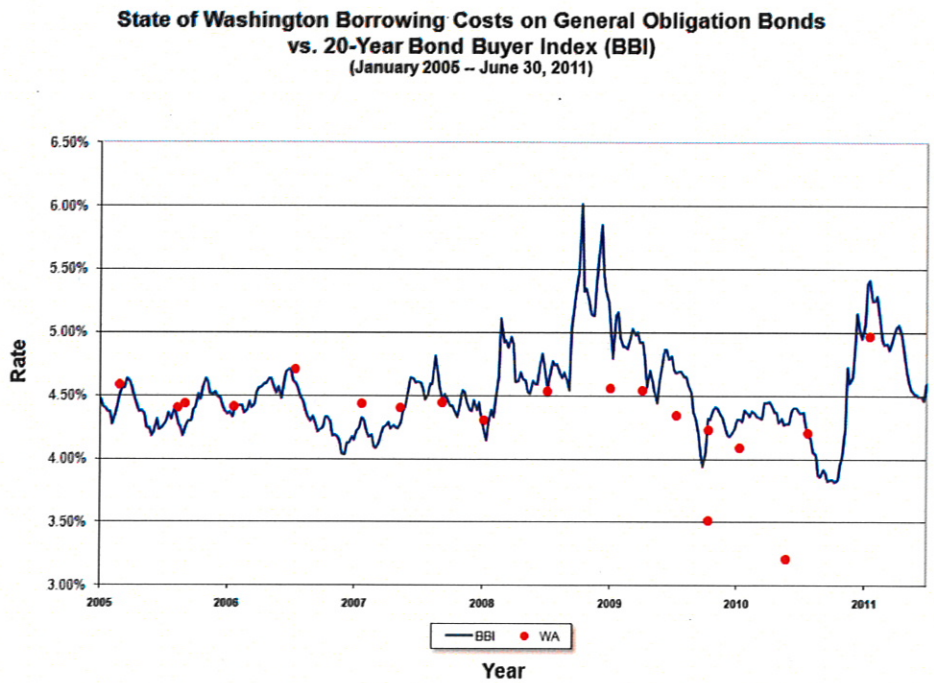
Fund Number	Fund Name	Amount
09H	Transportation Partnership Account	$ 1,306,773,336
108	Motor Vehicle Account	127,545,078
112	Urban Arterial Trust Account	7,430,000
215	Special Category C Account	27,622,709
550	Transportation 2003 Account	591,448,877
		$ 2,060,820,000

- **Refunding Sales.** The $1,884 million General Obligation Refunding bonds sold during the 2009-11 Biennium produced savings of more than $183 million on a net present value basis, as shown in the table below. All refundings exceeded the savings thresholds in the State Finance Committee Debt Issuance Policy.

Refunding Bonds					Savings			
Dated Date	Par Amount	Series	Purpose	TIC (%)	Gross	PV	Type	PV%
7/8/2009	$ 386,380,000	R-2010A	VP	3.70	$ 40,927,642	$ 34,110,587	C	8.828248
10/28/2009	215,500,000	R-2010B	VP	3.67	19,176,813	15,254,905	A	7.078842
10/28/2009	121,235,000	R-2010C	MV	3.71	10,380,656	8,281,427	A	6.830888
8/10/2010	365,605,000	R-2011A	VP	4.21	47,243,610	42,458,760	A	11.613288
9/28/2010	401,435,000	R-2011B	VP	3.89	51,800,101	39,452,643	A	9.827903
9/28/2010	393,950,000	R-2011C	MV	3.89	56,868,757	43,657,696	A	11.082040
	$ 1,884,105,000				$ 226,397,579	$ 183,216,018		

- **Competitive Sales.** Most General Obligations Bond sales were sold on a competitive basis during the biennium, receiving an average of eight bids at each sale. However, federal subsidies offered through the American Recovery and Reconstruction Act offered significant subsidies through the Build America Bond Program which the State accessed on two issues in Fiscal Year 2010. Due to the unique characteristics of this program, these two bond series were sold on a negotiated basis.

- **Interest Rates.** The following chart shows the state's borrowing costs (red markers) in relation to the 20-year Bond Buyer Index from January 2005 through June 2011.



State of Washington
STATE FINANCE COMMITTEE

JAMES L. McINTIRE, *Chairman*
State Treasurer

CHRISTINE O. GREGOIRE
Governor

BRAD OWEN
Lieutenant Governor

September 2, 2011

MEMORANDUM

TO: The Honorable James L. McIntire
The Honorable Christine O. Gregoire
The Honorable Brad Owen

FROM: Ellen Evans
Deputy State Treasurer

RE: **Proposed Resolution No. 1114** authorizes the issuance and sale of State of Washington Various Purpose General Obligation Bonds

Proposed Resolution No. 1114 authorizes the issuance and sale of State of Washington Various Purpose General Obligation Bonds for capital projects authorized by the Legislature for the 2011-13 biennium.

- **Resolution Purpose.** Proposed Resolution No. 1114 authorizes the issuance of State of Washington Various Purpose General Obligation Bonds, in the maximum principal amount of $1,356,364,000 pursuant to various bond acts for the purpose of providing funds to pay and reimburse state expenditures for various state projects identified in those bond acts; providing for certain terms and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds in one or more sales.

- **Background.** The Bonds will be used to fund expected cash flow requirements for the 2011-13 biennium. The proceeds will be used for various capital projects throughout the state authorized to be funded with bond proceeds by the 2011-13 Capital Budget and, with regard to the Multimodal Transportation Account, by the 2011-13 Transportation Budget.

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The aggregate amount of proceeds received from one or more sales of the Bonds during the 2011-13 biennium are to be deposited in the following funds:

Fund Number	Fund Name	Amount
057	State Building Construction Account	$ 1,182,095,000
070	Outdoor Recreation Account	14,690,000
072	St/Loc Impr Rev Acct Water Sup Fac	1,910,000
09C	Farmlands Preservation Account	3,370,000
09G	Riparian Protection Account	4,425,000
10P	Columbia River Basin Water Supply	41,950,000
218	Multimodal Transportation Account	62,949,000
244	Habitant Conservation Account	15,295,000
355	State Taxable Building Const. Account	28,170,000
357	Gardner-Evans Higher Ed Construction	1,510,000
		$ 1,356,364,000

Proposed Resolution No. 1114 authorizes the issuance and sale of the Bonds in several smaller sales during the biennium. Issuance is currently planned on a semi-annual schedule with the first proposed sale in January 2012.

- **Delegation.** Proposed Resolution No. 1114 authorizes the State Treasurer to establish the method of sale of bonds and adopt bond sale resolutions.

- **Description of Bonds.** Proposed Resolution No. 1114 provides for the issuance of tax-exempt Various Purpose General Obligation Bonds, or taxable General Obligation Bonds.

I know of no controversy or issue relating to these proposed financings.

- **Counsel and Advisors.**

Bond Counsel:	William Tonkin, Foster Pepper PLLC
Financial Advisor:	Jenny Poreé, Montague DeRose and Associates LLC
	Robert Shelley, Seattle-Northwest Securities Corporation

State of Washington
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September 2, 2011

MEMORANDUM

TO: The Honorable James L. McIntire
The Honorable Christine O. Gregoire
The Honorable Brad Owen

FROM: Ellen Evans
Deputy State Treasurer

RE: **Proposed Resolution No. 1115** authorizes the issuance and sale of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds

Proposed Resolution No. 1115 authorizes the issuance and sale of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds for transportation capital projects authorized by the Legislature for the 2011-13 biennium.

- **Resolution Purpose.** Proposed Resolution No. 1115 authorizes the issuance of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, in the maximum principal amount of $1,716,303,000 pursuant to various bond acts for the purpose of providing funds to pay and reimburse state expenditures for various transportation projects identified in those bond acts; providing for certain terms and covenants of the bonds; providing for certain other provisions safeguarding the payment of the principal thereof and interest thereon; and authorizing and directing the sale of said bonds in one or more sales.

- **Background.** The Bonds will be used to fund various transportation capital projects throughout the state as authorized by the 2011-13 Transportation Budget.

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The aggregate amount of proceeds received from one or more sales of the Bonds during the 2011-13 biennium are to be deposited in the following funds:

Fund Number	Fund Name	Amount
09H	Transportation Partnership Account	$ 1,188,116,000
108	Motor Vehicle Account	125,171,000
144	Transportation Improvement Account	22,143,000
550	Transportation 2003 Account	380,873,000
		$ 1,716,303,000

Authorization for issuance of bonds for the SR 520 Floating Bridge and Eastside Project will be sought separately from the State Finance Committee.

The Bonds are allocated to the following agencies and appropriations:

Agency/Appropriation	Amounts
Washington State Department of Transportation	
2011-13 Biennium Appropriations	$ 1,694,160,000
Transportation Improvement Board	
2011-13 Biennium Appropriations	$22,143,000
Total:	$ 1,716,303,000

Proposed Resolution No. 1115 authorizes the issuance and sale of the Bonds in several smaller sales during the biennium. Issuance is currently planned on a semi-annual schedule with the first proposed sale in January 2012.

- **Delegation.** Proposed Resolution No. 1115 authorizes the State Treasurer to establish the method of sale of bonds and adopt bond sale resolutions.

- **Description of Bonds.** Proposed Resolution No. 1115 provides for the issuance of tax-exempt Motor Vehicle Fuel Tax General Obligation Bonds.

I know of no controversy or issue relating to these proposed financings.

- **Counsel and Advisors.**

Bond Counsel:	William Tonkin, Foster Pepper PLLC
Financial Advisor:	Jenny Poreé, Montague DeRose and Associates LLC
	Robert Shelley, Seattle-Northwest Securities Corporation

State of Washington
STATE FINANCE COMMITTEE

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September 2, 2011

MEMORANDUM

TO: The Honorable James L. McIntire
The Honorable Christine O. Gregoire
The Honorable Brad Owen

FROM: Ellen Evans
Deputy State Treasurer

RE: **Proposed Resolution No. 1116** authorizes the issuance and sale of State of Washington General Obligation Refunding Bonds

Proposed Resolution No. 1116 authorizes the issuance of Various Purpose General Obligation Refunding Bonds of the state, in the maximum principal amount of $7,118,830,000 and Motor Vehicle Fuel Tax General Obligation Refunding Bonds of the state, in the maximum principal amount of $5,145,400,000

- **Resolution Purpose.** Proposed Resolution No. 1116 authorizes the issuance of Various Purpose General Obligation Refunding Bonds of the state, in the maximum principal amount of $7,118,830,000, and Motor Vehicle Fuel Tax General Obligation Refunding Bonds of the state, in the maximum principal amount of $5,145,400,000, for the purpose of refunding certain outstanding Various Purpose General Obligation Bonds, Various Purpose General Obligation Refunding Bonds, Motor Vehicle Fuel Tax General Obligation Bonds, and Motor Vehicle Fuel Tax General Obligation Refunding Bonds of the state; making certain other provisions securing the payment of the principal of and interest on the bonds; approving the form of a refunding escrow agreement with respect to the bonds to be refunded; and providing for other matters properly relating thereto.

- **Background.** Proposed Resolution No. 1116 will update the authority to refund all outstanding refundable bonds. As of August 22, 2011, there were $12,264,230,000 refundable bonds outstanding.

From time to time, the State Finance Committee has adopted omnibus refunding resolutions. These resolutions provide for the authority to refund outstanding bonds as market conditions permits.

Since March 1995, the State Finance Committee has authorized four omnibus refunding resolutions providing for the authority to refund, outstanding various purpose and motor vehicle fuel tax bonds of the state:

Resolution 818, adopted March 29, 1995,
Resolution 875, adopted April 1, 1998,
Resolution 945, adopted July 31, 2001, and
Resolution 1023, adopted August 16, 2005.

The above omnibus refunding resolutions have allowed the State Finance Committee to take advantage of refunding opportunities to achieve savings. Since 1995 more than $6.37 billion in refunding bonds have been issued achieving around $517 million in net present value savings.

- **Delegation.** Proposed Resolution No. 1116 authorizes the State Treasurer to establish the method of sale of bonds and adopt bond sale resolutions.

I know of no controversy or issue relating to these proposed financings.

- **Counsel and Advisors.**

Bond Counsel:	William Tonkin, Foster Pepper PLLC
Financial Advisor:	Jenny Poreé, Montague DeRose and Associates LLC
	Robert Shelley, Seattle-Northwest Securities Corporation

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Lieutenant Governor

September 7, 2011

MEMORANDUM

TO: The Honorable James L. McIntire
The Honorable Christine O. Gregoire
The Honorable Brad Owen

FROM: Ellen Evans
Deputy State Treasurer

RE: 2011-2013 Biennium Proposed Finance Plan for Financing Contracts and Certificates of Participation therein; establishing the maximum aggregate principal amount payable; requesting a Motion to accept.

A. INTRODUCTION

The State Finance Committee is charged with oversight of financing contracts entered into by the state (RCW 39.94.040). At the start of each biennium the Office of the State Treasurer, as staff to the Committee, reports on prior usage of financing contracts and presents a proposed financing plan for the upcoming biennium. In addition, the State Finance Committee is required from time to time to establish an aggregate principal amount payable for financing contracts entered into by the state.

This memorandum presents: 1) the proposed finance plan for state and local financing contracts for the 2011-2013 biennium; and 2) the related proposed action item raising the maximum aggregate principal amount of financing contracts (including Certificates of Participation therein) of the state to be outstanding in the 2011-2013 biennium, and authorizing refinancing contracts at any time to achieve interest cost savings.

B. PROPOSED 2011-2013 FINANCE PLAN FOR FINANCING CONTRACTS AND CERTIFICATES OF PARTICIPATION THEREIN

Authorization for financing contracts for 2011-2013 for state agencies is provided by ESHB 1497, enacted as Chapter 48, Laws of 2011, 1st Special Session, Section 7011 (2011-2013 capital budget), and ESHB 1175, enacted as Chapter 367, Laws of 2011, Regular Session, Section 601, (2011-2013 transportation budget), as summarized in the tables below.

Capital Budget (ESHB 1497)

Agency	*Sec. 7011, Sub Sec.*		*Authorized Amount*
State Board for Community & Technical Colleges on behalf of:			
Columbia Basin College	1 (a)	$	2,500,000
Peninsula College	1 (b)	$	2,000,000
Peninsula College	1 (c)	$	800,000
Walla Walla Community College	1 (d)	$	1,000,000
Walla Walla Community College	1 (e)	$	1,000,000
Wenatchee Valley College	1 (f)	$	2,700,000
Whatcom Community College	1 (g)	$	3,916,000
Central Washington University	2	$	2,500,000
Department of General Administration	3 (a)	$	6,000,000
Department of General Administration	3 (b)	$	250,000
Department of Social and Health Services	4	$	15,850,000
Capital Budget Total		**$**	**38,516,000**

Transportation Budget (ESHB 1175)

Agency	*Sec. 601, Sub Sec.*		*Authorized Amount*
Department of Transportation	2 (a)	$	10,824,000
Department of Licensing	2 (b)	$	7,414,000
Washington State Patrol	2 (c) (i)	$	8,241,000
Washington State Patrol	2 (c) (ii)	$	40,100,000
Transportation Budget Total		**$**	**66,579,000**

Total Authorized Projects in the Capital & Transportation Budget	**$**	**105,095,000**

*In each case, plus financing expenses and required reserves

POOLED STATE EQUIPMENT AND LOCAL GOVERNMENT EQUIPMENT AND REAL ESTATE

In addition to the $105 million legislatively authorized financing contracts for state projects, it is projected that state equipment financing and local government equipment and real estate financing under master financing agreements of the state will total no more than $130 million during the 2011-2013 biennium. These local real estate projects and state and local agency equipment acquisitions are financed by pooled certificate of participation issues.

TOTAL ANTICIPATED FINANCING CONTRACT ISSUANCE

Issuance of financing contracts (including certificates of participation therein) for the 2011-2013 biennium is estimated to reach no more than **$235 million** plus financing expenses and required reserves.

Maximum Aggregate Financing Contracts to be outstanding in 2011-2013 biennium		
Outstanding COP's as of 7-15-11	$	831,747,165
Outstanding 63-20 financing (Wheeler & Tum Office Project)	$	358,630,000
Anticipated Financing Contracts (2011-2013)	$	234,622,834
Total	**$**	***1,425,000,000***

C. PROPOSED ACTION ITEM

That the Committee pursuant to RCW 39.94.040 take the following action:

(a) The Committee approves and directs the State Treasurer to implement the proposed 2011-2013 biennium finance plan for state financing contracts, including all individual, legislatively authorized state agency financing contracts, and issuance of certificates of participation therein, as submitted to the Committee and on file with the State Treasurer;

(b) The maximum aggregate principal amount of financing contracts (including certificates of participation therein) of the state to be outstanding in the 2011-2013 biennium is approved and established at $1,425,000,000, plus financing expenses and required reserves; and

(c) Any refinancing contract (including issuance of refunding certificates of participation therein) to be entered into for the purpose of achieving interest cost savings in accordance with the Committee's Debt Issuance Policy's savings threshold is approved, irrespective of its stated principal amount or date of execution.