

OLYMPIA, WASHINGTON

January 8, 2008

The State Finance Committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Christine O. Gregoire, Governor
Brad Owen, Lieutenant Governor

Also Present: Richard A. Patrick, Office of the State Treasurer
Andrew Scott, Attorney General's Office
Darlene DeRose, Montague DeRose & Associates
Nancy Adams, Office of the State Treasurer
Noah Crocker, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
William Tonkin, Foster Pepper PLLC
Sue Melvin, Office of the State Treasurer
Marc Greenough, Foster Pepper PLLC
Pam Johnson, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Jeff Caldwell, Department of Transportation
Susan Musselman, DashenMusselman, Inc.
Scott Bauer, DashenMusselman, Inc.
Rob Shelley, Seattle-Northwest Securities
Bill Starkey, Seattle-Northwest Securities
John Christison, Washington State Convention Center
Chip Firth, Washington State Convention Center
Susan Penley, Office of the State Treasurer
Tom Saelid, Office of Financial Management
Doug Montague, Montague DeRose and Associates
Nancy Notter, Office of the State Treasurer
Wendy Kancianich, Office of the State Treasurer
Shelly Sweeney, Office of the State Treasurer
Karl Roeber, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lieutenant Governor Owen moved to approve the minutes of the September 12, 2007 State Finance Committee meeting. Governor Gregoire seconded the motion. The motion passed and the minutes were adopted.

Mr. Patrick said proposed Resolution No. 1064 accepts a bid for the purchase of State of Washington Various Purpose General Obligation Bonds, Series 2008C in the aggregate principal amount of \$546,245,000; fixing the interest rates; in accordance with Resolution No. 1062. The Series 2008C Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. The Series 2008C Bonds are structured to produce an

approximate level debt service over the life of the Bonds. Five bids were received by the State's electronic bid provider, i-Deal/Parity, at 7:30 a.m. Pacific Time. Mr. Patrick said Merrill Lynch & Co. submitted a true interest cost (TIC) of 4.3124006%; Morgan Stanley & Co Inc. submitted a TIC of 4.3201709%; UBS Securities LLC submitted a TIC of 4.3286800%; Bear, Stearns & Co. submitted a TIC of 4.3360786%; and Lehman Brothers, Inc. submitted a TIC of 4.3403013% with the apparent low bidder being Merrill Lynch & Co.

Mr. Patrick presented proposed Resolution No. 1064 to the committee.

Resolution No. 1064 awards the sale of \$546,245,000 State of Washington Various Purpose General Obligation Bonds, Series 2008C, authorized by Chapter 14, Laws of 1989, 1st Ex. Sess; Chapter 15, Laws of 1990, 1st Ex. Sess; Chapter 18, Laws of 2003, 1st Sp. Sess.; Chapter 487, Laws of 2005; Chapter 167, Laws of 2006; Chapter 521, Laws of 2007; and Chapter 39.42 RCW and Resolution No. 1062 of the Committee.

Governor Gregoire moved to adopt Resolution No. 1064. Lieutenant Governor Owen seconded the motion and the resolution was adopted.

Mr. Patrick said proposed Resolution No. 1065 accepts a bid for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2008D in the aggregate principal amount of \$375,000,000; fixing the interest rates; in accordance with Resolution No. 1063. The Series 2008D Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. The Series 2008D Bonds are structured to produce an approximate level debt service over the life of the Bonds. Three bids were received by the State's electronic bid provider, i-Deal/Parity, at 7:30 a.m. Pacific Time. Mr. Patrick said Citigroup Global Markets Inc. submitted a true interest cost (TIC) of 4.3109474%; Merrill Lynch & Co. submitted a TIC of 4.3153070%; and Bear, Stearns & Co., Inc. submitted a TIC of 4.3541845% with the apparent low bidder being Citigroup Global Markets Inc.

Mr. Patrick presented proposed Resolution No. 1065 to the committee.

Resolution No. 1065 awards the sale of \$375,000,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2008D, authorized by Chapter 147, Laws of 2003 (RCW 47.10.861); Chapter 315, Laws of 2005 (RCW 47.10.873); and Chapter 39.42 RCW and Resolution No. 1063 of the Committee.

Lieutenant Governor Owen moved to adopt Resolution No. 1065. Governor Gregoire seconded the motion and the resolution was adopted.

Mr. Crocker said proposed Resolution No. 1066 approves and authorizes the State Convention and Trade Center to enter into one or more State Agency Financing Lease Addenda to one or more Master Financing Leases of the State to finance the purchase and renovation of the museum condominium unit located adjacent to the state convention center, and authorizes the issuance and sale in one or more series of State of Washington Certificates of Participation in an aggregate total amount up to \$58,000,000, plus financing costs and required reserves, pursuant to Chapter 39.94 RCW, as authorized by Chapter 520, Laws of 2007, Regular Session, Section 6013, Paragraph 7.

Certificates of participation in one or more series will be used for the reimbursement of the cost of acquisition and payment of the cost of renovation of the museum condominium unit located adjacent to the state convention center. The Washington Convention and Trade Center anticipates reimbursement for the acquisition of the property to occur in April 2008 and construction work to begin in March of 2009, with projected completion in June of 2010.

The certificates of participation are to be issued pursuant to Chapter 39.94 RCW. Approval by the State Finance Committee of the issuance of certificates of participation for the Washington State Convention and Trade Center purchase and renovation is being requested pursuant to Committee policy that no project in the over \$20 million category will be financed without an approving resolution of the Committee.

Mr. Crocker noted that the Certificates of Participation will be issued, subject to the approval of the 2008 Supplemental Budget, where the State Convention and Trade Center has requested additional appropriation authority to make the debt service payments from their 01V fund.

Mr. Crocker presented proposed Resolution No. 1066 to the committee.

Resolution No. 1066 approves and authorizes the State Convention and Trade Center to enter into one or more State Agency Financing Lease Addenda to one or more Master Financing Leases of the State to finance the purchase and renovation of the museum condominium unit located adjacent to the state convention center, and authorizes the issuance and sale in one or more series of State of Washington Certificates of Participation in an aggregate total amount up to \$58,000,000, plus financing costs and required reserves, pursuant to Chapter 39.94 RCW, as authorized by Chapter 520, Laws of 2007, Regular Session, Section 6013, Paragraph 7.

Lieutenant Governor Owen moved to adopt Resolution No. 1066. Governor Gregoire seconded the motion and the resolution was adopted.

Mr. Patrick said that there have been no changes to the School Bond Guarantee Program's procedures or policies since it went into effect in 2000, and a recent review by the State Treasurer has found that it would be beneficial to, 1) bring the program's continuing disclosure undertaking into conformance with that provided in the state bond and certificate of participation programs, and 2) seek exemptive relief from SEC Rule 15c2-12 on behalf of small issuer school districts, (those with less than \$10,000,000 outstanding) so they would not be required to file annual reports. To do so, the state needs to have a master disclosure agreement in place and that, too, is proposed.

Bond counsels and financial advisors who work with school districts in the issuance of their bonds reviewed these proposed changes and associated text. There is no substantive change to the program guidelines being proposed. This is information only and no action is needed.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 10:32 a.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Christine O. Gregoire, Governor & Member

Brad Owen, Lieutenant Governor & Member

Richard A. Patrick
Deputy State Treasurer & Secretary