

OLYMPIA, WASHINGTON

February 18, 2009

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

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

Also Present: Svein Braseth, Office of the State Treasurer
William Tonkin, Foster Pepper PLLC
Dean Torkelson, Seattle-Northwest Securities
Nancy Adams, Office of the State Treasurer
Shad Pruitt, Office of the State Treasurer
Andrew Scott, Attorney General's Office
Wolfgang Opitz, Office of the State Treasurer
Scott Jarvis, Department of Financial Institutions
Joe Vincent, Department of Financial Institutions
Brad Williamson, Department of Financial Institutions
Tom Saelid, Office of Financial Management
Sandi Triggs, Office of Financial Management
Chris McGann, Office of the State Treasurer
Norman Judd, Sterling Savings Bank
Darlene Cimino-DeRose, Montague DeRose & Associates
Jenny Poreé, Montague DeRose & Associates
Sue Melvin, Office of the State Treasurer
Amy Arnis, Department of Transportation
Jeff Caldwell, Department of Transportation
Doug Vaughn, Department of Transportation
Susan Penley, Office of the State Treasurer
Wendy Kancianich, Office of the State Treasurer
Nancy Notter, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
David Swartley, Bank of America
James Pishue, Washington Bankers Association
Denny Eliason, Washington Bankers Association
Chris Karlin, U.S. Bank
Andrew Smith, Office of the State Treasurer
Gina Stark, Office of the State Treasurer
Noah Crocker, Office of the State Treasurer
Jill Gravatt, Office of the State Treasurer
Doug Extine, Office of the State Treasurer
Ellen Evans, Office of the State Treasurer
Shelly Sweeney, Office of the State Treasurer

Chairman McIntire called the meeting to order.

Governor Gregoire moved to approve the minutes of the January 7, 2009 State Finance Committee meeting. Lt. Governor Owen seconded the motion. The motion passed and the minutes were adopted.

Resolution 1079 appoints Ellen Evans as Secretary to the State Finance Committee. Ms. Evans was recently named as Deputy Treasurer for Debt Management. A traditional role of this position has been acting as the secretary of the State Finance Committee, which does require a resolution from that Committee. Chairman McIntire introduced Ellen Evans to Governor Gregoire and Lt. Governor Owen.

Chairman McIntire presented proposed Resolution No. 1079 to the committee.

Resolution 1079 appointing a secretary for the State Finance Committee and setting forth the duties and responsibilities of said secretary.

Governor Gregoire moved to adopt Resolution No. 1079. Lt. Governor Owen seconded the motion and the resolution was adopted.

Chairman McIntire noted that our national and state economies are facing unprecedented challenges which have a big impact on financial markets. He feels our state has a great economic and revenue forecast process, which keeps us apprised of our current financial circumstances and helps us get access to credit markets. He mentioned that on January 7, 2009, Washington was very successful in issuing \$400 million in General Obligation and Motor Vehicle Fuel Tax Debt. This is about one-third the size of the normal issue we would do for a typical January and less than half of what was actually authorized. Resolution 1080 would increase this authorization to help get us back on track, so that critical capital construction projects, such as the \$130 million supplemental for school construction, in HB 1113 can be paid for.

Ms. Evans said proposed Resolution No. 1080 provides for the issuance and sale, in one or more series, of not to exceed \$175,600,000 State of Washington Various Purpose General Obligation Bonds, authorized by Chapter 521, Laws of 2007; House Bill 1113, Chapter ____, Laws of 2009; or other applicable legislatively enacted bond authorizations; and Chapter 39.42 RCW for the purpose of providing funds for school construction assistance grants and to pay and reimburse state expenditures for various state capital projects; 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.

The Bonds will be used to fund cash flow requirements for the state's school construction assistance grant program (approximately \$130,000,000) and the construction of state capital projects (approximately \$45,600,000). Bond proceeds are to be deposited to the State Building Construction Account (fund 057).

In response to current market conditions, proposed Resolution No. 1080 authorizes the issuance and sale of the Bonds in one or more Series. The first Series of bonds, the Series 2009E Bonds, are proposed to be sold competitively on April 7, 2009. Additional sales, if any, will be scheduled as necessary.

It is anticipated that the Bonds authorized under proposed Resolution No. 1080 will be sold at the same time as the remainder of the Bonds that the Committee authorized by Resolution No. 1075, approved on December 3, 2008, but that have not yet been sold, as summarized below:

Resolution 1075, December 3, 2008:	\$ 581,385,000
January 7, 2009 Sale (2009D):	<u>270,000,000</u>
Remaining Authorized Unissued:	\$ 311,385,000
Proposed Resolution 1080:	\$ 175,600,000
Proposed April 7, 2009 Sale (2009E):	<u>\$ 486,985,000</u>

Ms. Evans said that the Series 2009E Bonds are tax-exempt current interest Bonds. The interest will be paid semi-annually on the outstanding principal. The Series 2009E Bonds are structured to produce an approximate level debt service over the life of the Bonds.

Ms. Evans presented proposed Resolution 1080 to the committee.

Resolution 1080 authorizes the issuance and sale, in one or more sales, of not to exceed \$175,600,000 State of Washington Various Purpose General Obligation Bonds authorized by Chapter 521, Laws of 2007; House Bill 1113, Chapter ____, Laws of 2009; or other applicable legislatively enacted bond authorizations; and Chapter 39.42 RCW.

Governor Gregoire moved to adopt Resolution 1080. Lt. Governor Owen seconded the motion and the resolution was adopted.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 2:11 p.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

James L. McIntire, State Treasurer & Chairman

Christine O. Gregoire, Governor & Member

Brad Owen, Lieutenant Governor & Member

Ellen Evans
Deputy State Treasurer & Secretary