

OLYMPIA, WASHINGTON

May 15, 2007

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
Brad Owen, Lieutenant Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Amy Arnis, Department of Transportation
Nancy Notter, Office of the State Treasurer
Wendy Kancianich, Office of the State Treasurer
Susan Penley, Office of the State Treasurer
Aric Newlon, Attorney General's Office
Rob Shelley, Seattle-Northwest Securities
Bill Starkey, Seattle-Northwest Securities
Sue Melvin, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
Shelly McGuire, Office of the State Treasurer
William Tonkin, Foster Pepper PLLC
Noah Crocker, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
Nancy Adams, Office of the State Treasurer
Darlene DeRose, Montague DeRose & Associates
Svein Braseth, Office of the State Treasurer
Andrew Scott, Attorney General's Office

Chairman Murphy called the meeting to order.

For those that were unable to attend the previous State Finance Committee meeting, Chairman Murphy stated that Allan Martin had been appointed to Assistant State Treasurer effective May 1, 2007 and that Mr. Martin will continue to hold his appointment as Secretary of the State Finance Committee and Deputy Treasurer for Debt Management and thereby continue to administer and certify all State Finance Committee authorized bond issuance activities and documents until such time that a new person is appointed by Chairman Murphy to serve in that capacity. The announcement of Mr. Martin's appointment to Assistant State Treasurer was made at the previous State Finance Committee meeting and is reflected in the minutes of April 3, 2007.

Lieutenant Governor Owen moved the minutes for the April 3, 2007 State Finance Committee meeting be approved. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said proposed Resolution No. 1052 accepts a bid for the purchase of State of Washington Various Purpose General Obligation Bonds, Series 2007F in the aggregate principal amount of \$250,000,000; fixing the interest rates; in accordance with Resolution No. 1051. The Series 2007F Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. The Series 2007F 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 8:00 a.m. Pacific Daylight Time. Mr. Martin said Merrill Lynch & Co. submitted a true interest cost (TIC) of 4.4027293%; Citigroup Global Markets Inc. submitted a TIC of 4.4171024%; J.P. Morgan Securities Inc. submitted a TIC of 4.4190014%; UBS Securities LLC

submitted a TIC of 4.4206386%; and Lehman Brothers submitted a TIC of 4.4239226% with the apparent low bidder being Merrill Lynch & Co.

Mr. Martin presented proposed Resolution 1052 to the committee.

Resolution 1052 awards the sale of \$250,000,000 State of Washington Various Purpose General Obligation Bonds, Series 2007F, authorized by Chapter 487, Laws of 2005 and Chapter 39.42 RCW and Resolution No. 1051 of the Committee.

Lieutenant Governor Owen moved to adopt Resolution 1052. Treasurer Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1053 accepts the bids for the purchase of State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2007C, in the aggregate principal amount of \$384,560,000, more or less, as authorized by Chapters 39.42 and 39.53 RCW and Resolution Nos. 875 and 945 of the Committee. The Series R-2007C Bonds are tax-exempt current interest refunding bonds. The interest will be paid semi-annually on the outstanding principal. Six bids were received by the State's electronic bid provider, i-Deal/Parity, at 7:30 a.m. Pacific Daylight Time. Mr. Martin said Lehman Brothers submitted a true interest cost (TIC) of 4.0186708%; J.P. Morgan Securities Inc. submitted a TIC of 4.0213870%; Citigroup Global Markets Inc. submitted a TIC of 4.0287669%; Merrill Lynch & Co. submitted a TIC of 4.0297493%; UBS Securities LLC submitted a TIC of 4.0332912%; and Morgan Stanley & Co. Inc. submitted a TIC of 4.0373131% with the apparent low bidder being Lehman Brothers.

Mr. Martin presented proposed Resolution 1053 to the committee.

Resolution 1053 awards the sale of \$384,560,000, more or less, State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2007C, authorized by Chapters 39.42 and 39.53 RCW and Resolution Nos. 875 and 945 of the Committee.

Lieutenant Governor Owen moved to adopt Resolution 1053. Treasurer Murphy seconded the motion and the resolution was adopted.

Mr. Martin said proposed Resolution No. 1054 accepts the bids for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Refunding Bonds, Series R-2007D, in the aggregate principal amount of \$74,120,000, more or less, as authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 945 of the Committee. The Series R-2007D Bonds are tax-exempt current interest refunding bonds. The interest will be paid semi-annually on the outstanding principal. Six bids were received by the State's electronic bid provider, i-Deal/Parity, at 7:30 a.m. Pacific Daylight Time. Mr. Martin said J.P. Morgan Securities Inc. submitted a true interest cost (TIC) of 4.1007416%; UBS Securities LLC submitted a TIC of 4.1080087%; Lehman Brothers submitted a TIC of 4.1145073%; Merrill Lynch & Co. submitted a TIC of 4.1321033%; Prager, Sealy & Co., LLC submitted a TIC of 4.1341972%; and Citigroup Global Markets Inc. submitted a TIC of 4.1726405% with the apparent low bidder being J.P. Morgan Securities Inc.

Mr. Martin presented proposed Resolution 1054 to the committee.

Resolution 1054 awards the sale of \$74,120,000, more or less, State of Washington Motor Vehicle Fuel Tax General Obligation Refunding Bonds, Series R-2007D, authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 945 of the Committee.

Lieutenant Governor Owen moved to adopt Resolution 1054. Treasurer Murphy seconded the motion and the resolution was adopted.

Mr. Noah Crocker, Lease/Purchase Specialist, presented the 2007-2009 Biennium Proposed Financing Plan for Financing Contracts and Certificates of Participation. Chairman Murphy stated for the record that since the Governor has not yet acted on the budget legislation, the 2007-2009 Proposed Finance Plan for Financing Contracts and Certificates of Participation are actions that the Committee anticipates to occur, however, should there be any vetoes or partial vetoes in the budget, the finance plan would be modified accordingly.

Mr. Crocker summarized the Proposed Finance Plan and explained that the State Finance Committee is charged with oversight of financing contracts entered into by the state and related policy guidelines (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 present 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. Mr. Crocker's memorandum presented: 1) a report on tax compliance for the state's publicly offered Certificates of Participation; 2) a proposed finance plan for Financing Contracts that may be entered into by the state during the 2007-2009 biennium; 3) a threshold for financings requiring individual approval by the Committee; and 4) the related proposed action item, including establishing for the 2007-2009 biennium a maximum aggregate principal amount payable under financing contracts.

Lieutenant Governor Owen moved the motion: "that the finance plan for the issuance of lease/purchase Certificates of Participation during the 2007-2009 biennium as set forth in the memorandum dated May 15, 2007 be hereby approved and adopted and shall be set forth in the minutes of this meeting." Chairman Murphy seconded the motion and the motion was adopted.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 10:18 a.m.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Christine O. Gregoire, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Secretary