

OLYMPIA, WASHINGTON

July 9, 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, Lt. Governor

Also Present: William Tonkin, Foster Pepper PLLC
Svein Braseth, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
Nancy Adams, Office of the State Treasurer
Darlene Cimino-DeRose, Montague DeRose & Associates
Andrew Scott, Attorney General's Office
Jenny Poreé, Montague DeRose & Associates
Susan Penley, Office of the State Treasurer
Bill Starkey, Seattle-Northwest Securities
Rob Shelley, Seattle-Northwest Securities
Chris Malins, University of Washington
Wayne Sugai, University of Washington
Ruchi Aggarwal, University of Washington
Jeff Caldwell, Department of Transportation
Doug Vaughn, Department of Transportation
Victor Moore, Office of Financial Management
Tom Saelid, Office of Financial Management
Pam Johnson, Office of the State Treasurer
Jason Kirk, Office of the State Treasurer
Sue Melvin, Office of the State Treasurer
Wendy Kancianich, Office of the State Treasurer
Richard A. Patrick, Office of the State Treasurer
Shelly Sweeney, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Governor Gregoire moved to approve the minutes of the May 22, 2008 State Finance Committee meeting. Lt. Governor Owen seconded the motion. The motion passed and the minutes were adopted.

Mr. Patrick said proposed Resolution No. 1071 accepts a bid for the purchase of State of Washington Various Purpose General Obligation Bonds, Series 2009A in the aggregate principal amount of \$492,505,000; fixing the interest rates; in accordance with Resolution No. 1067. The Series 2009A Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2009A Bonds and the Series 2009T Bonds (collectively, the "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 Time. Mr. Patrick said Merrill Lynch & Co. submitted a true interest cost (TIC) of 4.5589426%; Lehman Brothers, Inc. submitted a TIC of 4.5599775%; Banc of America Securities LLC submitted a TIC of 4.5716553%; Goldman, Sachs & Co. submitted a TIC of 4.5739401%; and Citigroup Global Markets Inc. submitted a TIC of 4.5794743% with the apparent low bidder being Merrill Lynch & Co.

Mr. Patrick presented proposed Resolution 1071 to the committee.

Resolution 1071 awards the sale of not to exceed \$492,505,000 State of Washington Various Purpose General Obligation Bonds, Series 2009A, authorized by Chapter 147, Laws of 2003; Chapter 18, Laws of 2003, 1st Sp. Sess.; Chapter 167, Laws of 2006; Chapter 521, Laws of 2007; Chapter 179, Laws of 2008; and Chapter 39.42 RCW; and Resolution No 1067 of the Committee.

Governor Gregoire moved to adopt Resolution 1071. Lt. Governor Owen seconded the motion and the resolution was adopted.

Mr. Patrick said proposed Resolution No. 1072 accepts a bid for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2009B in the aggregate principal amount of \$260,000,000; fixing the interest rates; in accordance with Resolution No. 1068. The Series 2009B Bonds are tax-exempt current interest bonds. The interest will be paid semi-annually on the outstanding principal. The Series 2009B Bonds are structured to produce an approximate level debt service over the life of the Bonds. Four bids were received by the State's electronic bid provider, i-Deal/Parity, at 8:00 a.m. Pacific Time. Mr. Patrick said Lehman Brothers, Inc. submitted a true interest cost (TIC) of 4.5116181%; Merrill Lynch & Co. submitted a TIC of 4.5189336%; Citigroup Global Markets Inc. submitted a TIC of 4.5312171%; and Goldman, Sachs & Co. submitted a TIC of 4.5325441% with the apparent low bidder being Lehman Brothers, Inc.

Mr. Patrick presented proposed Resolution 1072 to the committee.

Resolution 1072 awards the sale of not to exceed \$260,000,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2009B, 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. 1068 of the Committee.

Governor Gregoire moved to adopt Resolution 1072. Lt. Governor Owen seconded the motion and the resolution was adopted.

Mr. Patrick said proposed Resolution No. 1073 accepts a bid for the purchase of State of Washington General Obligation Bonds, Series 2009T (Taxable) in the aggregate principal amount of \$70,585,000; fixing the interest rates for the bonds; in accordance with Resolution No. 1069. The Series 2009T Bonds are taxable current interest bonds. The interest will be paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2009T Bonds and the Series 2009A Bonds (collectively, the "Bonds") are structured to produce an approximate level debt service over the life of the Bonds. Seven bids were received by the State's electronic bid provider, i-Deal/Parity, at 8:30 a.m. Pacific Time. Mr. Patrick said Citigroup Global Markets Inc. submitted a true interest cost (TIC) of 4.1470504%; Morgan Keegan & Co., Inc.

submitted a TIC of 4.1544773%; GKST / Harris / BMO Capital Markets submitted a TIC of 4.1660647%; Lehman Brothers, Inc. submitted a TIC of 4.1754592%; Raymond James & Associates, Inc. submitted a TIC of 4.2806812%; Merrill Lynch & Co. submitted a TIC of 4.3907139%; and Duncan-Williams, Inc. submitted a TIC of 4.4077887% with the apparent low bidder being Citigroup Global Markets Inc.

Mr. Patrick presented proposed Resolution 1073 to the committee.

Resolution 1073 awards the sale of not to exceed \$70,585,000, State of Washington General Obligation Bonds, Series 2009T (Taxable), authorized by Chapter 521, Laws of 2007; and Chapter 39.42 RCW; and Resolution No 1069 of the Committee.

Governor Gregoire moved to adopt Resolution 1073. 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 10:15 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