

OLYMPIA, WASHINGTON

July 14, 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  
Jenny Poreé, Montague DeRose and Assoc.  
Johnna Craig, Attorney General's Office  
Rob Shelley, Seattle-Northwest Securities  
Shad Pruitt, Office of the State Treasurer  
Shelly Sweeney, Office of the State Treasurer  
Cindy Edens, Wright Runstad & Co.  
John Finke, National Development Council/FYI Properties  
Sue Penley, Office of the State Treasurer  
Charlene Koski, Attorney General's Office  
Wendy Kancianich, Office of the State Treasurer  
Diane Smith, Washington State Senate  
Doug Vaughn, Department of Transportation  
Tom Saelid, Office of Financial Management  
Sally Alhadeff, Department of Information Services  
Jim Albert, Department of Information Services  
Jeff Caldwell, Department of Transportation  
Amy Arnis, Department of Transportation  
Bill Starkey, Seattle-Northwest Securities  
Andrew Smith, Office of the State Treasurer  
Noah Crocker, Office of the State Treasurer  
Gina Stark, Office of the State Treasurer  
Wolfgang Opitz, Office of the State Treasurer  
Ellen Evans, Office of the State Treasurer  
Doug Extine, Office of the State Treasurer  
Pam Johnson, Office of the State Treasurer  
Nancy Notter, Office of the State Treasurer  
Victor Moore, Office of Financial Management

Chairman McIntire called the meeting to order.

Governor Gregoire moved to approve the minutes of the June 9, 2009 State Finance Committee meeting. Lt. Governor Owen seconded the motion. The motion passed and the minutes were adopted.

Chairman McIntire reported that today's \$765 million bond sale received competitive and aggressive bids. He announced that the borrowing rates received on the Motor Vehicle Fuel Tax bonds are the lowest seen in 30 years. In addition, rates on the Various Purpose bonds are at least 100 basis points lower than what was assumed in the budget. The successful bond sale is a good reflection of Washington State's reputation in the market.

Chairman McIntire introduced Resolution No. 1087 to accept this morning's sale of \$298,800,000 State of Washington Various Purpose General Obligation Bonds, Series 2010A.

Proposed Resolution No. 1087 accepts a bid for the purchase of State of Washington Various Purpose General Obligation Bonds, Series 2010A in the aggregate principal amount of \$298,800,000; fixing the interest rates; in accordance with Resolution No. 1084. The Series 2010A 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 2010A Bonds and the Series 2010T Bonds are structured to produce an approximate level debt service over the life of the Bonds. Six bids were received by the State's electronic bid provider, i-Deal/Parity, at 7:30 a.m. Pacific Time. J.P. Morgan Securities Inc. was the apparent low bidder submitting a true interest cost (TIC) of 4.4300669%. Citigroup Global Markets Inc. submitted a TIC of 4.4420037%; Morgan Stanley & Co Inc. submitted a TIC of 4.4732864%; Barclays Capital, Inc. submitted a TIC of 4.4799978%; Merrill Lynch & Co. submitted a TIC of 4.4909802%; and Goldman, Sachs & Co. submitted a TIC of 4.6078932%.

Resolution No. 1087 was brought before the committee.

Resolution No. 1087 awards the sale of \$298,800,000 State of Washington Various Purpose General Obligation Bonds, Series 2010A, as authorized by Resolution No. 1084 of the Committee and one or more of the Bond Acts identified therein.

Governor Gregoire moved to adopt Resolution No. 1087. Lt. Governor Owen seconded the motion and the resolution was adopted.

Chairman McIntire introduced Resolution No. 1088 to accept this morning's sale of \$401,410,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2010B.

Proposed Resolution No. 1088 accepts a bid for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2010B in the aggregate principal amount of \$401,410,000; fixing the interest rates; in accordance with Resolution No. 1085. The Series 2010B Bonds are tax-exempt current interest bonds on which interest is paid semi-annually on the outstanding principal. The Series 2010B Bonds are structured to produce an approximate level debt service over the life of the Bonds. Six bids were received by the State's electronic bid provider, i-Deal/Parity, at 8:00 a.m. Pacific Time. J.P. Morgan Securities Inc. was the apparent low bidder submitting a true interest cost (TIC) of 4.2748574%. Merrill Lynch & Co. submitted a TIC of 4.2850190%; Citigroup Global Markets Inc. submitted a TIC of 4.2859335%; Barclays Capital, Inc. submitted a TIC of 4.2973918%; Morgan Stanley & Co Inc. submitted a TIC of 4.3062704%; and Goldman, Sachs & Co. submitted a TIC of 4.3553817%.

Resolution No. 1088 was brought before the committee.

Resolution No. 1088 awards the sale of \$401,410,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, Series 2010B, as authorized by Resolution No. 1085 of the Committee and one or more of the Bond Acts identified therein.

Governor Gregoire moved to adopt Resolution No. 1088. Lt. Governor Owen seconded the motion and the resolution was adopted.

Chairman McIntire introduced Resolution No. 1089 to accept this morning's sale of \$64,905,000 of State of Washington General Obligation Bonds, Series 2010T.

Proposed Resolution No. 1089 accepts a bid for the purchase of State of Washington General Obligation Bonds, Series 2010T in the aggregate principal amount of \$64,905,000; fixing the interest rates; in accordance with Resolution No. 1084. The Series 2010T Bonds are taxable current interest Bonds on which interest is paid semi-annually on the outstanding principal. Together, the debt service payments of Series 2010T Bonds and the Series 2010A Bonds are structured to produce an approximate level debt service over the life of the Bonds. Sixteen bids were received by the State's electronic bid provider, i-Deal/Parity, at 7:00 a.m. Pacific Time. J.P. Morgan Securities Inc. was the apparent low bidder submitting a true interest cost (TIC) of 3.0034582%. Citigroup Global Markets Inc. submitted a TIC of 3.0825888%; Ramirez & Co. submitted a TIC of 3.0968477%; Morgan Keegan & Co. submitted a TIC of 3.1049540%; Stifel Nicolaus & Company, Inc. submitted a TIC of 3.1272508%; Piper Jaffray submitted a TIC of 3.1841367%; BMO Capital Markets submitted a TIC of 3.1958434%; Merrill Lynch & Co. submitted a TIC of 3.2257685%; Barclays Capital, Inc. submitted a TIC of 3.2399538%; Jefferies & Company, Inc. submitted a TIC of 3.2499406%; RBC Capital Markets submitted a TIC of 3.2935354%; Duncan-Williams, Inc. submitted a TIC of 3.3346274%; Vining-Sparks IBG submitted a TIC of 3.3529482%; Robert W. Baird & Co., Inc. submitted a TIC of 3.3579716%; Goldman, Sachs & Co. submitted a TIC of 3.3604047%; and Wachovia Bank submitted a TIC of 3.4424797%.

Resolution No. 1089 was brought before the committee.

Resolution No. 1089 awards the sale of \$64,905,000 State of Washington General Obligation Bonds, Series 2010T, as authorized by Resolution No. 1084 of the Committee and one or more of the Bond Acts identified therein.

Governor Gregoire moved to adopt Resolution No. 1089. Lt. Governor Owen seconded the motion and the resolution was adopted.

Chairman McIntire introduced Resolution No. 1090 to approve the issuance of tax-exempt bonds in a principal amount not to exceed \$305,810,000 by FYI Properties for the financing of a state data center and an office building for the Department of Information Services (DIS) and state agencies, to be constructed on the Wheeler Block in Olympia. This is the second of two resolutions required to move the project forward.

Governor Gregoire moved to adopt Resolution No. 1090. Lt. Governor Owen seconded the motion and the resolution was adopted.

Lt. Governor Owen asked about the recent State Environmental Policy Act (SEPA) filing. Chairman McIntire indicated that the filing had recently been settled in Thurston County court.

Chairman McIntire suggested that staff develop financial policies for the State Finance Committee with regards to any proposed 63-20 financings in the future. These policies would serve to better guide the process. He indicated that policy guidelines will be brought before the committee at a future meeting for discussion and consideration.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 10:12 a.m.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

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James L. McIntire, State Treasurer & Chairman

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Christine O. Gregoire, Governor & Member

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Brad Owen, Lieutenant Governor & Member

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Ellen Evans  
Deputy State Treasurer & Secretary