

OLYMPIA, WASHINGTON

December 3, 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
Brad Owen, Lieutenant Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Richard A. Patrick, Office of the State Treasurer
Nancy Adams, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities
William Tonkin, Foster Pepper PLLC
Susan Penley, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Andrew Scott, Attorney General's Office
Shelly Sweeney, Office of the State Treasurer
Glenn Gorton, Washington State Investment Board
Joe Dear, Washington State Investment Board
Brian Dirks, Office of the Lieutenant Governor
Sue Melvin, Office of the State Treasurer
Shad Pruitt, Office of the State Treasurer
Rob Shelley, Seattle-Northwest Securities
Doug Vaughn, Department of Transportation
Doug Extine, Office of the State Treasurer
Jeff Caldwell, Department of Transportation
Amy Arnis, Department of Transportation
Jill Gravatt, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
Tim Kerr, Treasurer-Elect McIntire
Tom Saelid, Office of Financial Management
Wendy Kancianich, Office of the State Treasurer
Noah Crocker, Office of the State Treasurer
Nancy Notter, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Lieutenant Governor Owen moved to approve the minutes of the July 9, 2008 State Finance Committee meeting. Chairman Murphy seconded the motion. The motion passed and the minutes were adopted.

Mr. Patrick said in accordance with RCW 43.33A.100, the employment of the executive director of the State Investment Board is subject to confirmation by the State Finance Committee. On November 20, 2008, the committee received a letter from the State Investment Board Chair Glenn Gorton requesting committee action confirming the reappointment of Joseph A. Dear as

executive director. Mr. Dear was originally appointed as the executive director on November 12, 2002, and reappointed to a second three-year term in December 2005. Proposed Resolution No. 1074 of the State Finance Committee confirms the reappointment of Joseph A. Dear as the executive director of the State Investment Board for a term of three years as provided by RCW 43.33A.100.

The confirmation is subject to the employment term, and other conditions, set out in RCW 43.33A.100. The resolution will be effective immediately upon its adoption.

Mr. Patrick presented proposed Resolution No. 1074 to the committee.

Resolution No. 1074 - confirmation of reappointment of Joseph A. Dear,
Executive Director of the State Investment Board.

Lieutenant Governor Owen moved to adopt Resolution No. 1074. Chairman Murphy seconded the motion and the resolution was adopted.

Proposed Resolution No. 1075 provides for the issuance and sale, in one or more sales, of not to exceed \$581,385,000 State of Washington Various Purpose General Obligation Bonds, authorized by Chapter 14, Laws of 1989, 1st ex. sess., Chapter 15, Laws of 1990, 1st Ex. Sess.; 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 for the purpose of providing funds to pay and reimburse state expenditures for various state capital projects; fixing the date, form, terms, maturities, redemption provisions 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.

Mr. Patrick said that the Bonds will be used to fund cash flow requirements for construction of state capital projects, state buildings and facilities for institutions of higher education, multimodal transportation projects, flood hazard mitigation, public school skill centers facilities and the rehabilitation of Puget Sound. Bond proceeds from this proposed issue are to be deposited or transferred to the following funds: State Building Construction Account (fund 057); Outdoor Recreation Account (fund 070); State and Local Impr. Revolving Account -- Water Supply Facilities (fund 072); Farmlands Preservation Account (fund 09C); Riparian Protection Account (fund 09G); Multimodal Transportation Account (fund 218); Habitat Conservation Account (fund 244); Gardner-Evans Higher Education Construction Account (fund 357); and School Construction and Skill Centers Account (fund 359).

In response to the current market conditions and feedback from various market participants, proposed Resolution No. 1075 provides for multiple sales. Proposed Resolution No. 1075 provides for one or more competitive sales in one or more Series. The first Series of bonds, the Series 2009C Bonds, are proposed to be sold competitively on January 7, 2009. Additional sales, if any, will be scheduled as necessary.

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

Mr. Patrick presented proposed Resolution No. 1075 to the committee.

Resolution No. 1075 authorizes the issuance and sale, in one or more sales, of not to exceed \$581,385,000 State of Washington Various Purpose General Obligation Bonds, authorized by Chapter 14, Laws of 1989, 1st Ex. Sess; Chapter 15, Laws of 1990, 1st Ex. Sess; 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.

Lieutenant Governor Owen moved to adopt Resolution No. 1075. Chairman Murphy seconded the motion and the resolution was adopted.

Mr. Patrick said proposed Resolution No. 1076 provides for the issuance and sale, in one or more sales, of not to exceed \$282,690,000, State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, authorized by Chapter 431, Laws of 1993 (RCW 47.10.812); Chapter 321, Laws of 1998 (Referendum 49), (RCW 47.10.843); Chapter 147, Laws of 2003 (RCW 47.10.861); Chapter 315, Laws of 2005 (RCW 47.10.873); and Chapter 39.42 RCW for the purpose of providing funds to pay and reimburse state expenditures for construction and improvement of state and local highways, construction of selected transportation 2003 projects or improvements, and construction of selected 2005 transportation partnership projects or improvements; 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.

Mr. Patrick called the committee's attention to a letter from Secretary Paula Hammond of the Department of Transportation that sets forth the request for funds.

In response to the current market conditions and feedback from various market participants, proposed Resolution No. 1076 provides for multiple sales. Proposed Resolution No. 1076 provides for one or more competitive sales in one or more Series. The first Series of bonds, Series 2009D Bonds, are proposed to be sold competitively on January 7, 2009. Additional sales, if any, will be scheduled as necessary.

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

Mr. Patrick presented proposed Resolution No. 1076 to the committee.

Resolution No. 1076 authorizes the issuance and sale, in one or more sales, of not to exceed \$282,690,000 State of Washington Motor Vehicle Fuel Tax General Obligation Bonds, authorized by Chapter 431, Laws of 1993 (RCW 47.10.812); Chapter 321, Laws of 1998 (Referendum 49) (RCW 47.10.843); Chapter 147, Laws of 2003 (RCW 47.10.861); Chapter 315, Laws of 2005 (RCW 47.10.873); and Chapter 39.42 RCW.

Lieutenant Governor Owen moved to adopt Resolution No. 1076. Chairman Murphy 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 10:13 a.m.

Following the Public Deposit Protection Commission meeting, Lieutenant Governor Owen asked if the January 7, 2009 State Finance Committee meeting was still scheduled. Chairman Murphy indicated that the meeting is still scheduled and further explained that the motions that were adopted earlier regarding the two bond sales provide for sizing adjustments based upon OST review. If in response to the market conditions, the sale is determined to be too large, the sale can be downsized. If this happens to be the case, subsequent bond sales will be scheduled. Dates have been calendared, but will be removed if there is not a need to downsize.

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