



State of Washington
STATE FINANCE COMMITTEE

MIKE PELLICCIOTTI, Chair
State Treasurer
JAY R. INSLEE
Governor
DENNY HECK
Lieutenant Governor

STATE FINANCE COMMITTEE MINUTES

June 22, 2022 at 1:15 PM

Virtual – Zoom

**With public participation via Zoom, telephonically, and in-person at the
Helen Sommers Building Conference Room 1015, Olympia, WA**

The State Finance Committee met virtually via Zoom in a special meeting after notice was duly given to the public.

Present: State Treasurer Mike Pellicciotti, Chair
Governor Jay Inslee, Member
Lieutenant Governor Denny Heck, Member

Also Present Virtually: Jason Richter, Office of the State Treasurer, Secretary
Scott Merriman, Office of Financial Management
Dallas Roberts, Office of the Lieutenant Governor
Anna Borris, Office of the State Treasurer
Aaron Sherman, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Austin Goble, Office of the State Treasurer
Danni Colo, Office of the State Treasurer
Stacia Hollar, Office of the Attorney General
Scott Forbes, Office of the Attorney General
Stacie Amasaki, Bond Counsel – Foster Garvey PC

Chair Pellicciotti called the meeting to order at 1:19 PM. Chair Pellicciotti stated for the record that all three members of the State Finance Committee (SFC) were present, and a quorum was established. Chair Pellicciotti stated this meeting was being streamed by TVW.

Lt. Governor Heck asked the Chair to provide an overview of the role of the SFC for the benefit of the public that might be watching on TVW.

Office of the State Treasurer

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Item 1: Approval of minutes

Chair Pellicciotti introduced the draft minutes from the September 22, 2021, State Finance Committee meeting for approval. No corrections or amendments were requested. Motion – Lieutenant Governor Heck; Second – Governor Inslee; the minutes were approved unanimously.

Chair Pellicciotti introduced Jason Richter, State Finance Committee Secretary and Deputy Treasurer of Debt Management for the Office of the State Treasurer, to provide the resolution summaries.

Item 2: Resolution No. 1261

Resolution No. 1261 amends and restates Resolution No. 1225; providing for the issuance of Motor Vehicle Fuel Tax and Vehicle Related Fees General Obligation Bonds of the state in a principal amount not to exceed \$548,151,000 for the purpose of providing funds to pay and reimburse state expenditures for various transportation projects identified in the Bond Acts; 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. Resolution No. 1261 also authorizes the Deputy State Treasurer to establish the method of sale of bonds and the State Treasurer to adopt bond sale resolutions.

Chair Pellicciotti asked if there were any questions regarding Resolution No. 1261.

Hearing no questions, the Chair asked for a motion to approve Resolution No. 1261.

Motion – Lieutenant Governor Heck; Second – Governor Inslee; Resolution No. 1261 was adopted unanimously.

Item 3: Resolution No. 1262

Resolution No. 1262 authorizes the issuance of State of Washington Various Purpose General Obligation Refunding Bonds, in a principal amount not to exceed \$1,577,835,000, and State of Washington Motor Vehicle Fuel Tax and Vehicle Related Fees General Obligation Refunding Bonds, in a principal amount not to exceed \$889,935,000, for the purpose of refunding certain outstanding Various Purpose General Obligation Bonds, Various Purpose General Obligation Refunding Bonds, Motor Vehicle Fuel Tax General Obligation Bonds, and Motor Vehicle Fuel Tax General Obligation Refunding Bonds of the state; making certain other provisions with respect to the payment of the principal of and interest on the bonds; approving the form of a refunding escrow agreement with respect to the bonds to be refunded; and providing for other matters properly related thereto. Resolution No. 1262 also authorizes the Deputy State Treasurer to establish the method of sale of bonds and the State Treasurer to adopt bond sale resolutions.

Chair Pellicciotti asked if there were any questions regarding Resolution No. 1262.

Hearing no questions, the Chair asked for a motion to approve Resolution No. 1262.

Motion – Lieutenant Governor Heck; Second – Governor Inslee; Resolution No. 1262 was adopted unanimously.

Office of the State Treasurer

Item 4: Resolution No. 1263

Resolution No. 1263 amends and restates Resolution 1250, approving and establishing a revised finance plan and the maximum aggregate principal amount of financing contracts and certificates of participation of the State to be outstanding in the 2021-23 Biennium at \$1,660,191,000. Resolution No. 1263 also approves any refinancing contract (including issuance of refunding certificates of participation) to be entered into for the purpose of achieving interest cost savings in accordance with the Committee's Debt Issuance Policy savings threshold.

Chair Pellicciotti asked if there were any questions regarding Resolution No. 1263.

Hearing no questions, the Chair asked for a motion to approve Resolution No. 1263.

Motion – Lieutenant Governor Heck; Second – Governor Inslee; Resolution No. 1263 was adopted unanimously.

Item 5: Informational Item: Bond sales update

Mr. Richter provided a bond sales and market update.

- **Bond and COP Issuance**

Since the last SFC Bond Sales and Market Update on July 14, 2021, the State has sold nine series of bonds and three series of certificates of participation (COPs), totaling over \$3.3 billion

- **Refunding Savings**

Of the nine series of bonds sold since our last meeting, five series were refundings, which are bonds issued to refinance existing debt. Over the last ten years, these refundings reduced the state's debt service costs by more than \$1.59 billion on a nominal basis and around \$1.31 billion on a present value basis. During fiscal year 2022, this equates to \$170.6 million in debt service savings, or \$146.1 million on a present value basis.

- **Future New Money Issuances**

The State plans to sell new money bonds on July 19, 2022, and anticipates additional issuances in the fall of 2022 and in the beginning of 2023 to finance Capital Budget and Transportation Budget projects. The size and timing of these issuances will be primarily dependent upon the State's cash-flow needs.

- **Future Refundings**

In addition to new money financings, OST actively monitors the State's debt portfolio for refunding opportunities.

- **Market Update**

The current Bond Buyer 20-Bond Index (BBI) now stands at 3.57% (as of June 16, 2022), which is 148 basis points higher than a year ago (June 17, 2021).

Item 6: Public Comment

Chair Pellicciotti opened the meeting up for public comment. There was no public comment provided.

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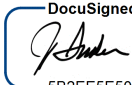
Chair Pellicciotti noted that since SFC meetings generally occur on a semi-annual basis, there would be greater transparency and the public would benefit from being able to review draft minutes online in advance of their formal approval at the next scheduled SFC meeting. Governor Inslee and Lieutenant Governor Heck joined Chair Pellicciotti in the view that draft meeting minutes should be posted online as soon as possible after each meeting, before being approved and finalized at the next SFC meeting, so as to better advise the public on SFC activities.

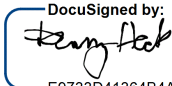
Having no further business before the State Finance Committee, Chair Pellicciotti adjourned the meeting at 1:51 PM.

STATE FINANCE COMMITTEE STATE OF
WASHINGTON

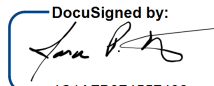
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Mike Pellicciotti
State Treasurer and Chair

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Jason P. Richter,
Deputy State Treasurer and Secretary