

State Finance Committee Meeting Minutes  
Olympia, Washington  
November 13, 2018  
1:00 PM

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

Present: Duane Davidson, State Treasurer, Chair  
Jay Inslee, Governor  
Cyrus Habib, Lt. Governor

Also Present: Jason Richter, Office of the State Treasurer  
Svein Braseth, Office of the State Treasurer  
Bill Tonkin, Foster Pepper PLLC  
Cynthia Weed, K&L Gates LLP  
Rusty Fallis, Office of the Attorney General  
Libby Hollingshead, Office of the Lt. Governor  
Shawn Myers, Office of the State Treasurer  
Catherine Mele-Hetter, Office of the State Treasurer  
Amy Perry, Office of the State Treasurer  
Shad Pruitt, Office of the State Treasurer  
Austin Goble, Office of the State Treasurer  
Matthew Schoenfeld, Office of the State Treasurer  
Adam Johnson, Office of the State Treasurer  
Brianna May, Office of the State Treasurer  
Whitney Trumbly, Office of the State Treasurer  
Stacie Amasaki, Foster Pepper PLLC  
Rob Shelley, Piper Jaffray  
Hana Fouladi, Office of the Lt. Governor  
Nguyen Dang, Washington State Department of Transportation  
Ryan Olson, Washington State Department of Transportation  
Scott Merriman, Office of Financial Management

Chair Davidson called the meeting to order at 1:03 PM. Chair Davidson stated for the record that all three members were present.

**Item 1: Approval of Minutes**

Chair Davidson introduced minutes from the State Finance Committee Meeting held on July 9, 2018 at 2:50 pm for approval. There were no corrections. The minutes were accepted as approved.

**Item 2: Resolution No. 1217-** Amends and restates Resolution No. 1196, providing for the issuance of Motor Vehicle Fuel Tax General Obligation Bonds of the State in the maximum

principal amount of \$631,341,000 for the purpose of providing funds to pay and reimburse State expenditures for various transportation projects identified in the Bond Act.

Chair Davidson introduced Resolution No. 1217, which amends and reinstates Resolution No. 1196, providing for the issuance of Motor Vehicle Fuel Tax General Obligation Bonds of the State in the maximum principal amount of \$631,341,000 for the purpose of providing funds to pay and reimburse State expenditures for various transportation projects identified in the Bond Act.

Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, explained that Resolution No. 1217 amends and restates Resolution No. 1196 that was approved in 2017. Resolution No. 1196 area being amended in order to reflect the appropriations to be funded by bond proceeds that are contained in the 2018 Supplemental Transportation budget. Resolution No. 1217 authorizes \$631,341,000 of Motor Vehicle Fuel Tax General Obligation Bonds which is an increase from the \$390,258,000 dollars that were approved in 2017. Jason noted that of the \$631 million to be authorized that \$306 million has already been issued with \$325 million to still be issued. Projects receiving a portion of these funds will be the Alaska Way Viaduct Replacement Program, the Tacoma- Pierce County I-5 HOV Project, the I-90 Snoqualmie Pass East Project, and the US 395 Burlington Northern Santa Fe Rail Realignment Project.

Approval of the resolution was motioned by Governor Inslee, seconded by Lt. Governor Habib, and adopted unanimously.

**Item 3: Resolution No. 1218-** Relating to the proposed issuance and sale by FYI Properties of a series of refunding bonds for the purpose of refinancing the FYI Properties' Lease Revenue Bonds, 2009 (State of Washington State DIS Project).

Chair Davidson introduced Resolution No. 1218, which relates to the proposed issuance and sale by FYI Properties of a series of refunding bonds for the purpose of refinancing the FYI Properties' Lease Revenue Bonds, 2009 (State of Washington State DIS Project).

Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, explained that in 2009, FYI Properties (a non-profit entity created for the project) issued \$305 million dollars of tax exempt lease revenue bonds to construct the 1500 Jefferson Building. These bonds were issued through a 63-20 financing structure that allows a non-profit entity to issue tax exempt bonds. FYI Properties issued these bonds and oversaw the construction of the project which is secured by a lease agreement through the state. The 1500 Jefferson Building has been completed for a number of years and \$267 million of outstanding bonds will be callable on June 1, 2019 which presents an opportunity for considerable debt service savings on this project. Resolution No. 1218 authorizes refunding bonds to be issued by FYI properties and, if approved, Jason expect the bonds would be sold in February 2019. Jason also added that, based on rates from October 25, 2018, the refunding has the potential to generate present value savings of 15%

or \$40 million. Annually, this could save WaTech about \$2.8 million dollars. Once the bonds are paid off over their 20 year term, the title of the facility reverts to the State.

Treasurer Davidson mentioned that this refunding was eligible to be done now, but noted that had advanced refunding been permitted by the federal tax code, the State would have had larger debt service savings.

Approval of the resolution was motioned by Governor Inslee, seconded by Lt. Governor Habib, and adopted unanimously.

**Item 4: Resolution No. 1219** - Approves a four-year extension of the agreement for fiscal agency services with U.S. Bank National Association.

Chair Davidson introduced Resolution No. 1219, which approves a four-year extension of the agreement for fiscal agency services with U.S. Bank National Association.

Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, explained that Resolution No. 1219 concerns the state fiscal agent agreement which is maintained by the Office of the State Treasurer. A State Fiscal Agent serves as record keeper and collects and disperses debt service payments for bonds, COPs, and other obligations throughout the state. Washington State's Fiscal Agent contract is unique in that both the state and local governments can use the services of the fiscal agent at an attractive, predetermined fee schedule to provide efficiency to State and local governments. In 2015, a full solicitation process was held to find the State's fiscal agent and, eventually, the contract was signed between the State and U.S Bank set to expire in 2019. This resolution would extend this contract by another 4 years. Jason added that the Office of the State Treasurer did quite a bit of outreach in polling users of this service and no users indicated any concerns about extending this contract.

Approval of the resolution was motioned by Governor Inslee, seconded by Lt. Governor Habib, and adopted unanimously.

**Item 5: Information Item-** Market and bond sales update

Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, gave a brief update on recent sales, upcoming financings, and general market observations. Since the last State Finance Committee meeting in July, the State issued three series of General Obligation bonds and one series of COPs. Rates are currently attractive, but are also starting to increase. Since last September, shorter term rates have risen by 1% while longer term rates have risen about 0.75%. This increase and potential likelihood for increases in the future will most likely have an impact on the State's budgets.

Treasurer Davidson adjourned the meeting at 1:16 pm.

STATE FINANCE COMMITTEE  
STATE OF WASHINGTON

By \_\_\_\_\_  
Duane A. Davidson  
State Treasurer and Chairman

By \_\_\_\_\_  
Jay Inslee  
Governor and Member

By \_\_\_\_\_  
Cyrus Habib  
Lieutenant Governor and Member

ATTEST:

\_\_\_\_\_  
Jason P. Richter,  
Deputy State Treasurer and Secretary