

State Finance Committee Meeting Minutes
Olympia, Washington
April 11, 2018
11:30 am

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
Bill Tonkin, Foster Pepper PLLC
Rusty Fallis, Office of the Attorney General
Shawn Myers, Office of the State Treasurer
Catherine Mele-Hetter, Office of the State Treasurer
Amy Perry, Office of the State Treasurer
Libby Hollingshead, Office of the Lt. Governor
Scott Merriman, Office of Financial Management
Theresa Whitmarsh, Washington State Investment Board
Judy Kuschel, Washington State Investment Board
Jen Masterson, Office of Financial Management
Stacy Conway, Washington State Investment Board
Svein Braseth, Office of the State Treasurer
Wendy Kancianich, Office of the State Treasurer
Matthew Schoenfeld, Office of the State Treasurer
Anthony Hemstad, Office of the State Treasurer
Leo Marquez, Office of the State Treasurer

Chair Davidson called the meeting to order at 11:40 am. 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 February 5, 2018 at 3:00 pm for approval. There were no corrections. The minutes were accepted as approved.

Item 2: Resolution 1212—Reappointment of Executive Director of the Washington State Investment Board

Chair Davidson pulled Resolution 1212 from the agenda due to a member's request for more information before proceeding. Another State Finance Committee meeting will be set to revisit this resolution in the future.

Item 3: Resolution 1213— Approves and establishes a revised finance plan and maximum principal amount of financing contracts and certificates of participation of the State for the 2017-19 biennium.

Chair Davidson introduced Resolution 1213, which approves and establishes a revised finance plan and maximum principal amount of financing contracts and certificates of participation of the State for the 2017-2018 biennium.

Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, explained that Resolution 1213 approves a revised finance plan and maximum principal amount for the State's certificate of participation program to reflect the details of the recently enacted Capital Budget and Supplemental Capital Budget. This request revises the original plan, which was approved on August 7, 2017, as the original plan was contingent on the enactment of the Capital Budget that was not passed until January 2018. A supplemental Capital budget, passed in March 2018, amended some of the original financing contract authorizations contained in the original Capital Budget and added additional authorizations. The new plan, authorized by Resolution 1213, increases the maximum principal amount of financing contracts from \$1.499 billion to \$1.600 billion. The primary change is the addition of \$96 million of new projects per the Supplemental Capital Budget.

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

Item 4: Informational 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, the State has sold two series of bonds, a \$489 million Various Purpose G.O. Bond issuance and a \$112 million Motor Vehicle Fuel Tax G.O. Bond issuance. There was strong demand for the offerings, with six bids submitted for each. The State's interest cost was 3.60% and 3.61% respectively for the 25-year financings. The State also sold \$30 million of certificates of participation for real estate projects, which also saw very strong investor demand with 12 bids.

The Treasurer's office expects upcoming issuances to include a certificates of participation transaction of approximately \$60 million later in April, and approximately \$500 million of Various Purpose G.O. Bonds and approximately \$100 million of Motor Vehicle Fuel Tax G.O. Bonds later this fall.

Mr. Richter provided an overview of current market interest rates. Since July 2016, the Bond Buyer 20-Bond Index has risen by just over one percent, with today's rate at 3.89%. On a historical basis, rates remain relatively low.

Discussion followed regarding the potential impact of increasing federal deficits, the elimination of the State's ability to issue tax-exempt advance refunding bonds, and the timing of bond sales in light of changes in interest rates.

Treasurer Davidson adjourned the meeting at 11:59 am.

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