

State Finance Committee Meeting Minutes
Olympia, Washington
April 25, 2012
11:02 am

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

Present: James L. McIntire, State Treasurer, Chair
Brad Owen, Lt. Governor

Also Present: Ellen Evans, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Trish Nightingale, Assistant Attorney General
Bill Tonkin, Foster Pepper PLLC
Jenny Poreé, Montague DeRose and Assoc.
Elisse Larouche, Montague DeRose and Assoc.
Wolfgang Opitz, Office of the State Treasurer
Sue Melvin, Office of the State Treasurer
Pam Johnson, Office of the State Treasurer
Kate O'Looney, Office of the State Treasurer
Johnna Skyles Craig, Office of the State Treasurer
Nona Snell, Office of the State Treasurer
Juliette Schindler Kelly, Office of the Lieutenant Governor
Rich Struna, Washington State Department of Transportation
Amy Arnis, Washington State Department of Transportation
Jeff Caldwell, Washington State Department of Transportation
Nancy Adams, Office of the State Treasurer

Chair McIntire called the meeting to order at 11:02 am on April 25, 2012.

Item 1: Approval of the Minutes

Treasurer James McIntire introduced the motion to approve the minutes from the September 29, 2011 State Finance Committee Meeting. The motion was moved by Lt. Governor Brad Owen, seconded by Chair McIntire, and approved unanimously.

Item 2: Bond Sale Results Briefing

Chair McIntire requested that Ellen Evans, Deputy Treasurer for Debt Management, review the state's most recent bond sales. Ms. Evans explained that since the September State Finance Committee meeting, the state went to the market on October 13, 2011, January 31, 2012 and February 28, 2012. Ms. Evans highlighted the importance of the State Finance Committee's delegation of authority to the Office of the State Treasurer. This flexibility allowed the state to

access the financial markets in a timely way to achieve present value savings of nearly \$155 million on refundings of more than \$1 billion in January. This sale was the largest competitive tax-exempt sale since the beginning of the great recession.

Item 3: Resolution 1125

Chair McIntire introduced Resolution 1125 authorizing the issuance of federal highway grant anticipation revenue bonds also known as GARVEE bonds. Ms. Evans explained that GARVEE bond issuance for the SR 520 Corridor is expected to total approximately \$900 million. Issuance will be split into two sales, the first in May (Series 2012F) and the second in the spring of 2013. Ms. Evans noted that the GARVEE bonds have received ratings of AA from S&P and Aa2 from Moody's. Lt. Governor Owen asked about the process by which the Federal Government commits funding to the project and the state sells the bonds. Amy Arnis, Department of Transportation, explained that the GARVEE bonds are limited obligations of the state payable from all funds received by the state pursuant to its obligation authority under the Federal-Aid Highway Program. She noted that the state has entered into a Memorandum of Understanding with the Federal Highway Administration that provides for the reimbursement to the state for the debt service and costs incurred for the Series 2012F Bonds. Chair McIntire outlined the history and summarized the current status of the federal highway authorization bill. Resolution 1125 was moved by Lt. Governor Owen, seconded by Chair McIntire, and approved unanimously.

Item 4: Guidelines for Use of Federal Highway Grant Anticipation Revenue Bonds

Chair McIntire requested that Ms. Evans explain the proposed State Finance Committee guidelines for the state's use of federal highway grant anticipation revenue bonds. Ms. Evans clarified that these guidelines highlight key terms of Resolution 1125 and restrict the use of GARVEE bonds to a greater degree than Resolution 1125. Adoption of the guidelines was moved by Lt. Governor Owen, seconded by Chair McIntire, and approved unanimously.

Treasurer McIntire adjourned the meeting at 11:16 am.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

By _____
James L. McIntire
State Treasurer and Chairman

By _____
Brad Owen
Lieutenant Governor and Member

ATTEST:

Ellen Evans, Deputy State Treasurer
and Secretary