



State of Washington
STATE FINANCE COMMITTEE

DUANE A. DAVIDSON, Chairman
State Treasurer

JAY R. INSLEE
Governor

CYRUS HABIB
Lieutenant Governor

AGENDA

STATE FINANCE COMMITTEE

April 11, 2018 at 11:30 AM

Office of the State Treasurer
Legislative Building, Room 230
Olympia, Washington

PURSUANT TO STATUTORY PROVISIONS, YOU ARE HEREBY NOTIFIED that the State Finance Committee and the Public Deposit Protection Commission will hold a Special Meeting at the Office of the State Treasurer, Legislative Building, Second Floor, Room 230, Olympia, Washington at **11:30 A.M.**, on the **11th day of April, 2018** to consider the following:

I. STATE FINANCE COMMITTEE

1. Approval of minutes of the February 5, 2018 State Finance Committee meeting.
2. Resolution 1212 confirming the reappointment of Theresa Whitmarsh as Executive Director of the Washington State Investment Board.
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.
4. Informational Item. Market and bond sales update.

If you are a person with a disability and require an accommodation for attendance, please contact the Office of the State Treasurer, (360) 902-9000, 24 hours prior to the meeting date.

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STATE FINANCE COMMITTEE MEETING

APRIL 11, 2018

11:30 AM

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State Finance Committee Meeting Minutes
Olympia, Washington
February 5, 2018
3:00 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
Wendy Kancianich, Office of the State Treasurer
Rob Shelley, Piper Jaffray
Bill Tonkin, Foster Pepper PLLC
Rusty Fallis, Office of the Attorney General
Shawn Myers, Office of the State Treasurer
Scott Merriman, Office of Financial Management
Whitney Smith, Office of the State Treasurer
Matthew Schoenfeld, Office of the State Treasurer
Maggie Marshall, Office of the State Treasurer
Leslie Yonkers, Office of the State Treasurer
Anthony Hemstad, Office of the State Treasurer
Leo Marquez, Office of the State Treasurer
Libby Hollingshead, Office of the Lt. Governor

Chair Davidson called the meeting to order at 3:05 pm.

Item 1: Approval of Minutes

Treasurer Davidson introduced minutes from the December 8, 2017 at 1:30 pm State Finance Committee Meeting for approval. There were no corrections. Minutes were accepted as approved.

Item 2: Resolution 1209—Amends and restates Resolution 1207.

Treasurer Davidson introduced Resolution 1209 and asked Jason Richter, Deputy Treasurer for Debt Management to provide background on the resolution.

Mr. Richter explained that Resolution 1209 amends and restates Resolution 1207, providing for the issuance of State of Washington General Obligation Bonds (“G.O. Bonds”) in the maximum principal amount of \$1,950,000,000 for the purpose of providing funds to pay and reimburse state expenditures for various state projects.

Resolution 1207, which was approved by the State Finance Committee on December 8, 2017, provided for the issuance of G.O. Bonds in the maximum principal amount of \$785,000,000 for the 2017 Reappropriations-only Capital Budget.

Now with the 2017-19 Capital Budget and 2018 Bond Bill signed into law, Resolution 1209 amends and restates Resolution 1207 to provide for the issuance of G.O. Bonds for both reappropriations and new appropriations for the 2017-19 biennium. Of the maximum principal amount of \$1,950,000,000, approximately \$785,000,000 is expected to be allocated to reappropriations and \$1,165,000,000 is expected to be allocated to new appropriations.

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

Item 3: 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 market conditions, interest rates and recent bonds sales. Mr. Richter provided an overview on the current interest rates for bond issuances. Since July 2016, interest rates have risen by just under one percent. On a historical basis, rates remain low.

Treasurer Davidson adjourned the meeting at 3:14 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



STATE OF WASHINGTON
STATE INVESTMENT BOARD

2100 Evergreen Park Drive SW • P.O. Box 40916 • Olympia, Washington • 98504-0916
(360) 956-4600 • Fax (360) 956-4785 • www.sib.wa.gov

March 23, 2018

The Honorable Duane A. Davidson, Chairman, State Treasurer
The Honorable Jay R. Inslee, Governor
The Honorable Cyrus Habib, Lieutenant Governor
State Finance Committee
Office of the State Treasurer
P.O. Box 40200
Olympia, WA 98504-0200

Honorable Members of the State Finance Committee:

At its February 15, 2018, meeting, the Washington State Investment Board (WSIB) reappointed Theresa J. Whitmarsh as its executive director for a 3-year term, beginning October 1, 2018, and ending September 30, 2021. In accordance with RCW 43.33A.100, this reappointment is hereby forwarded for confirmation by the State Finance Committee. We respectfully request that this matter be placed on the April 11, 2018, State Finance Committee Meeting Agenda.

I will attend the meeting to represent the WSIB's request and to be available to answer any questions regarding this reappointment. Along with this letter confirming the WSIB's action is Ms. Whitmarsh's current resume.

Please do not hesitate to contact me if you have any questions or require any additional information. I can be reached through the WSIB's executive assistant, Stacy Conway, at (360) 956-4612.

Respectfully,

Judy Kuschel
Board Chair

Enclosure

cc: Theresa J. Whitmarsh



Theresa J. Whitmarsh, Executive Director
Washington State Investment Board
2100 Evergreen Park Drive SW
PO Box 40916
Olympia, WA 98504-0916
Office: 360.956.4612 / Mobile: 360.561.9340

Theresa J. Whitmarsh, Executive Director Washington State Investment Board

Professional Summary

Chief executive for the Washington State Investment Board, responsible for leading a \$130 billion global asset management firm with mandates for 35 state and private retirement, insurance, and endowment funds.

Skilled manager who has built the WSIB into a high-performing organization that delivers consistent top quartile investment performance and is recognized as one of the most respected institutional investors worldwide.

Recognized industry thought leader on issues important to a mission-driven investor, including promoting long-term value creation in the markets, enhancing shareholder rights through strong corporate governance and aligning fiduciary duty with sustainability. Known for original insights, a highly sought-after speaker and commentator on global markets.

Industry Leadership

Vice Chair, Millstein Center for Global Markets and Corporate Ownership

Columbia University, New York, NY

Director, past Board Chair, Pacific Pension and Investment Institute

San Francisco, CA

External Advisor, Investment Committee, ABP Pensions Group

Amsterdam, Netherlands

Steering Committee Member, Investor Industries, World Economic Forum

Geneva, Switzerland

Immediate past Chair, Council of Institutional Investors

Washington, D.C.

Education

**Master of Business Administration
Technology and Innovation Management**
Pacific Lutheran University
Tacoma, Washington, 2000

**Bachelor of Arts
English Literature**
Seattle Pacific University,
Seattle, Washington, 1978

**Theresa J. Whitmarsh, Executive Director
Washington State Investment Board**

Professional Experience

2009 – Present

Executive Director

Washington State Investment Board (WSIB)

Olympia, Washington

Responsible for all aspects of running a \$130 billion investment management firm with mandates for 35 state funds comprised of defined benefit and defined contribution retirement plans; deferred compensation program; workers' compensation; and several other trust and public funds. Serve as primary liaison between Board and staff, and represents the Board as key spokesperson with media, policymakers, and system stakeholders. Selected accomplishments:

- Assembled a workforce of best-in-class investors by establishing the WSIB as a destination employer with a service culture committed to innovation, integrity, and transparency.
- Cultivated the WSIB's reputation at home and abroad as a desired investing partner, creating access to external top-performing investment managers.
- Built strong relationships with the Washington State Legislature, beneficiary groups, and other key stakeholders, leading to unprecedented support for the WSIB.
- Provided calm and steady leadership after the Great Recession, keeping staff, Board, and stakeholders focused on "staying the course" despite strong external pressure to de-risk the portfolio.
- Delivered top decile investment performance among public funds over the 10-year period.

2003 – 2009

Chief Operating Officer

Washington State Investment Board

Olympia, Washington

Recruited by a newly appointed Executive Director to build an operational infrastructure to support a more complex and innovative investment environment for a fund under increasing demand for returns. Managed all investment operations staff, including those responsible for research and risk management, investment accounting, trade settlement, business and office services, human resources, information technology, legal and compliance, and contracts. Responsible for agency-wide strategic planning and plan execution, managed a \$701 million biennial budget and major vendor relationships, and served as staff lead to the Board's Administrative and Audit Committees. Selected accomplishments:

- Increased the organization's capacity for change by developing an agency-wide strategic planning process and project management methodology to ensure division projects would be developed and executed on time and on budget.
- Enhanced operational efficiency by breaking down long-standing barriers between investment staff and operations staff by creating a strong service ethic in operations and formal coordination channels between the front and back offices.

- Upgraded entire IT infrastructure, including implementation of a fixed income electronic trade order management system and a compliance system to replace manual processes, introduction of mobile computing options for investment officers, and development of a data warehouse.
- Increased fund transparency through establishment of an investment compliance function and by calling for first-ever external audit of financial statements.
- Established a cost accounting system for all non-appropriated funds, including investment management fees, and established a monitoring program of comparison to industry benchmarks to ensure the WSIB would continue its position as a low cost provider.
- Established an enterprise risk management program, including risk principles, risk assessment tools, a risk oversight committee, and a reporting structure for the Board and Audit Committee.
- Initiated the building out of a robust analytical infrastructure comprised of research and risk staff and systems that would provide quantitative analysis to enhance the investment decision making process.

1996 – 2003

Vice President, Business Development

Solucient, L.L.C.

Evanston, Illinois

Senior executive of a health care data company. Directed the activities of business and technology staff in the creation of new financial reporting software products to assist Fortune 1000 companies in managing their employee benefits. Developed and executed business plans, including determining ROI for new product releases. Targeted new markets and created strategic alliances in those markets to lead to sales. Closed initial new product deals (beta releases) for the division, including negotiating complex contracts. Selected accomplishments:

- Created a new, highly profitable financial reporting product line, saving a failing business unit from spin-off and preserving its core capabilities for the growing corporation.
- Brought in and closed largest single deal in the history of the company (\$5.4 million).
- Built Western U.S. Region presence for company from scratch, leading to numerous new business opportunities and sales.

1993 – 1996

Assistant Director and Deputy Director for Insurance Services

Washington State Department of Labor and Industries

Olympia, Washington:

Served as the senior executive of the Washington State Fund, the 13th largest workers' compensation carrier in the nation. Managed 1200 staff responsible for the assessment, collection, and administration of more than \$700 million in annual insurance premiums, and paid out more than \$1.2 billion in benefits to claimants. Directed a \$100 million biennial operating budget. Chaired the Workers' Compensation Advisory Committee, comprised of leading business and labor leaders who set policy direction for the agency, and successfully mediated numerous conflicts between these key stakeholders. Served as the state's spokesperson on industrial insurance issues to the Washington State Legislature, business and labor groups, and news media. Established industrial insurance premium rates. Selected accomplishments:

- Improved financial performance of the industrial insurance fund through investment strategies and operational initiatives that resulted in a base rate reduction for insureds of 10 percent and a rebate to customers of \$200 million.
- Created organizational coherence by integrating disconnected agency initiatives and focusing on reducing long-term disability in injured workers, resulting in a reduction of time-loss duration for five straight quarters.
- Introduced significant new technology to the agency, including an enhanced call center and online access to claims files for employers. Oversaw the completion of a \$26 million document imaging system, including roll out to 12 field service locations.

1990 – 1993

Assistant Director for Public Affairs

Washington State Department of Labor & Industries

Olympia, Washington:

Served as agency director's senior advisor for public affairs, advising on policy, legislation, and customer service, and positioned the agency with opinion makers as an innovative organization that outperformed the private sector. Created strong issues management focus within the agency through education of executive team members and ongoing consulting that consistently surfaced and resolved issues before they became problematic.

1986 – 1989

Communications Director

Independent Insurance Agents and Brokers of California

San Francisco, California:

Managed the public affairs activities for a politically active trade association during a time when the state of California was experiencing sweeping reform of its insurance laws. Served as executive staff member, researching and advising officers and board members on major insurance market movements as a result of reforms. Developed and implemented a communications strategy that positioned the association as an objective source of accurate insurance information for lawmakers, insurance regulators, journalists, and consumer groups, leading to unprecedented credibility for insurance agents.

1978 – 1985

Various

Prior to joining the insurance trade group, held a variety of increasingly responsible journalism and communications positions, culminating in serving as the editor of a finance newsletter, *Major Risk*, reporting on underwriting criteria and capacity at the major property/casualty insurers in the United States and at Lloyds of London. Published in *Barron's* as freelance reporter covering a major investment scam.

**OFFICE OF THE STATE FINANCE COMMITTEE
OLYMPIA, WASHINGTON**

RESOLUTION NO. 1212

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON CONFIRMING THE RE-APPOINTMENT OF MS. THERESA WHITMARSH AS EXECUTIVE DIRECTOR OF THE STATE INVESTMENT BOARD FOR A TERM OF THREE YEARS, AS PROVIDED BY RCW 43.33A.100.

WHEREAS, the State Investment Board has re-appointed Theresa Whitmarsh as the Board's executive director for a 3-year term, beginning October 1, 2018, and ending September 30, 2021; and

WHEREAS, such employment is subject to confirmation of the State Finance Committee under the terms of RCW 43.33A.100; and

WHEREAS, the State Investment Board has submitted the name of Theresa Whitmarsh to the State Finance Committee, and requested that the State Finance Committee consider confirming Ms. Whitmarsh's continued employment by the State Investment Board as that Board's executive director; and

WHEREAS, the State Finance Committee has fully considered the professional qualifications of Ms. Whitmarsh for the position of the State Investment Board executive director, and other information relevant to such employment; and

WHEREAS, the State Finance Committee finds that Ms. Whitmarsh continues to be qualified for the position of the State Investment Board's executive director;

NOW THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE acting for and on behalf of the State of Washington:

Section 1. The employment of Ms. Theresa Whitmarsh by the State Investment Board as that Board's executive director should be, and hereby is, confirmed.

Section 2. This confirmation is subject to the employment term, and other conditions, set out in RCW 43.33A.100 and other applicable law.

Section 3. This resolution shall be effective immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee, State of Washington, held at Olympia, Washington, after notice thereof duly and regularly given as required by law, this 11th day of April, 2018.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Duane A. Davidson
State Treasurer and Chairperson

Jay Inslee
Governor and Member

Cyrus Habib
Lieutenant Governor and Member

ATTEST:

Jason P. Richter
Deputy State Treasurer and Secretary



DUANE A. DAVIDSON, Chairman
State Treasurer

JAY R. INSLEE
Governor

CYRUS HABIB
Lieutenant Governor

State of Washington
STATE FINANCE COMMITTEE

April 11, 2018

MEMORANDUM

TO: The Honorable Duane A. Davidson
The Honorable Jay R. Inslee
The Honorable Cyrus Habib

FROM: Jason Richter
Deputy State Treasurer

RE: **Proposed Resolution 1213** approves and establishes a revised finance plan and maximum aggregate principal amount of financing contracts and certificates of participation of the State

On August 7, 2017, the Committee approved Resolution 1198, which established a preliminary finance plan for State financing contracts and certificates of participation for the 2017-19 Biennium that was contingent, in part, upon the enactment of SB 5981 (the then-proposed State capital budget for the 2017-19 Biennium). SB 5981 was enacted into law as SSB 6090 on January 19, 2018. Effective March 27, 2018, the Legislature enacted ESSB 6095, a supplemental State capital budget for the 2017-19 Biennium, which amends certain State agency financing contract authorizations contained in SSB 6090 and authorizes additional State agency financing contracts.

Proposed Resolution 1213 approves and establishes a revised finance plan and maximum aggregate principal amount of financing contracts and certificates of participation of the State to be outstanding in the 2017-19 Biennium at \$1,599,885,616. This revised maximum aggregate principal amount reflects \$848,747,616 of outstanding financing contracts as of April 11, 2018, \$312,440,000 of outstanding 63-20 financing leases, and an estimated \$438,698,000 of financing contracts to be entered into during the 2017-19 Biennium.

Of the anticipated additional financing contracts for the 2017-19 Biennium, \$238,698,000 represent real estate financing contracts authorized by the Legislature for State agencies, and \$200,000,000 represents the estimated State and local agency equipment and local agency real estate financing contracts.

Resolution 1213 also approves any refunding certificates of participation to be entered into for the purpose of achieving interest cost savings in accordance with the savings requirements described in the Committee's Debt Issuance Policy.

• **Counsel and Advisors.**

Bond Counsel: William Tonkin, Foster Pepper PLLC
Financial Advisor: Robert Shelley, Piper Jaffray & Co
Chia-Jung Yang, Montague DeRose and Associates LLC

Office of the State Treasurer

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EXECUTION VERSION

STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1213

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON APPROVING AND ESTABLISHING A REVISED FINANCE PLAN AND MAXIMUM PRINCIPAL AMOUNT OF FINANCING CONTRACTS AND CERTIFICATES OF PARTICIPATION OF THE STATE FOR THE 2017-19 BIENNIUM.

ADOPTED: April 11, 2018

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STATE FINANCE COMMITTEE

OLYMPIA, WASHINGTON

RESOLUTION NO. 1213

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON APPROVING AND ESTABLISHING A REVISED FINANCE PLAN AND MAXIMUM PRINCIPAL AMOUNT OF FINANCING CONTRACTS AND CERTIFICATES OF PARTICIPATION OF THE STATE FOR THE 2017-19 BIENNIUM.

WHEREAS, the State Finance Committee (the “Committee”) of the State of Washington (the “State”) is charged with oversight of financing contracts entered into by the State (RCW 39.94.040); and

WHEREAS, from time to time the Office of the State Treasurer, as staff to the Committee, reports on prior usage of financing contracts and presents proposed finance plans for state financing contracts and the issuance of certificates of participation therein pursuant to Chapter 39.94 RCW; and

WHEREAS, the Committee is required from time to time to establish the maximum aggregate principal amount of state financing contracts to be outstanding under Chapter 39.94; and

WHEREAS, the Committee by Resolution No. 1198 approved a preliminary finance plan for State financing contracts and certificates of participation for the 2017-19 Biennium that was contingent, in part, upon the expected enactment by the Legislature of Senate Bill 5981 (the then-proposed State capital budget for the 2017-19 Biennium), Section 7002 of which authorized various state agency financing contracts; and

WHEREAS, Senate Bill 5981, including Section 7002 thereof, subsequently was enacted into law as Chapter 2, Laws of 2018 (Substitute Senate Bill 6090) (“SSB 6090”), effective on January 19, 2018; and

WHEREAS, the Legislature also has enacted into law Chapter 298, Laws of 2018 (Engrossed Substitute Senate Bill 6095) (“ESSB 6095”), effective March 27, 2018, to provide a supplemental State capital budget for the 2017-19 Biennium, and Section 7002 of ESSB 6095 amends certain state agency financing contract authorizations contained in Section 7002 of SSB 6090 and authorizes additional state agency financing contracts; and

WHEREAS, the Committee desires to approve and establish a revised finance plan and maximum principal amount of financing contracts and certificates of participation of the State for the 2017-19 Biennium that reflects all of the state agency financing contracts authorized by the Legislature in SSB 6090 and ESSB 6095;

NOW, THEREFORE, BE IT RESOLVED BY THE STATE FINANCE COMMITTEE ACTING FOR AND ON BEHALF OF THE STATE OF WASHINGTON, as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this resolution and of any resolution supplemental hereto, have the meanings specified; words importing the singular number include the plural number and vice versa:

2017-19 Biennium means the two-year period beginning July 1, 2017 through June 30, 2019.

Committee means the State Finance Committee of the State, or any successor thereof.

Laws means the statutes of the State.

Legislature means the Legislature of the State.

State means the State of Washington.

Section 2. Approval of Revised Finance Plan for State Financing Contracts and Certificates of Participation for the 2017-19 Biennium. The Office of State Treasurer has proposed and the Committee hereby approves a revised finance plan for State financing contracts and issuance by the State of certificates of participation therein for the 2017-19 Biennium having the following components:

(a) *Financing Contracts Authorized by the Legislature for State Agencies*. In Section 7002 of SSB 6090, as amended by Section 7002 of ESSB 6095 (together, the 2017-19 State capital budget), the Legislature has authorized certain state agencies to enter into financing contracts for the acquisition of real property projects in a total principal amount of \$238,698,000, plus financing expenses and required reserves, as summarized in Exhibit 1.

(b) *Financing Contracts for State and Local Agency Equipment and Local Agency Real Estate*. In addition to the \$238,698,000 of financing contracts authorized by the Legislature for the state agencies described in Section 2(a), it is expected that the State will enter into financing contracts for the acquisition of equipment for state and local agencies and for the acquisition of real property projects for local agencies during the 2017-19 Biennium in an estimated aggregate total principal amount of \$200,000,000, plus financing expenses and required reserves.

(c) *Estimated Aggregate Total Financing Contracts to be Entered Into and Certificates of Participation to be Issued During 2017-19 Biennium*. As described in Section 2(a) and (b) above, the aggregate total principal amount of financing contracts expected to be entered into and certificates of participation therein expected to be issued during the 2017-19 Biennium is estimated to be not more than \$438,698,000, plus financing expenses and required reserves.

(d) *Maximum Aggregate Total Outstanding Financing Contracts.* The estimated maximum aggregate total of financing contracts of the State expected to be outstanding in the 2017-19 Biennium is as follows:

Outstanding certificates of participation as of April 11, 2018	\$ 848,747,616
Outstanding 63-20 financing leases (Wheeler & Tumwater Office Projects)	312,440,000
Anticipated additional financing contracts (2017-19 Biennium)	438,698,000
Total	<u>\$1,599,885,616</u>

Section 3. Approval of Maximum Principal Amount of State Financing Contracts and Certificates of Participation for the 2017-19 Biennium. Pursuant to RCW 39.94.040:

(a) Based upon the revised finance plan for financing contracts and certificates of participation described in and approved by Section 2 of this resolution, the maximum aggregate total principal amount of financing contracts (including certificates of participation therein) of the State is approved and established at \$1,599,885,616, plus financing expenses and required reserves; and

(b) Any refinancing contract (including issuance of refunding certificates of participation therein) to be entered into for the purpose of achieving interest cost savings in accordance with the Committee's Debt Issuance Policy's savings threshold is approved, irrespective of its stated principal amount or date of execution.

Section 4. Filing of Resolution. The Deputy State Treasurer is directed to file with the State Treasurer, pursuant to RCW 39.42.100, a certified copy of this resolution immediately upon its adoption.

Section 5. Ratification. All actions heretofore taken by officers or staff of the Committee consistent with the terms of this resolution are ratified, approved and confirmed.

[remainder of page intentionally left blank]

Section 6. Effective Date. This resolution shall take effect immediately upon its adoption.

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 11th day of April, 2018.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

By _____
Duane A. Davidson
State Treasurer and Chair

By _____
Jay Inslee
Governor and Member

By _____
Cyrus Habib
Lieutenant Governor and Member

ATTEST:

Jason P. Richter,
Deputy State Treasurer and Secretary

EXHIBIT 1

LEGISLATIVELY AUTHORIZED STATE AGENCY FINANCING CONTRACTS

*2017-19 Capital Budget, Chapter 2, Laws of 2018 (SSB 6090), as amended by
2018 Supplemental Capital Budget, Chapter 298, Laws of 2018 (ESSB 6095)*

Agency	Sec. 7002, Sub Sec.	Authorized Amount*
Department of Enterprise Services	3(a)	\$ 5,323,000
Department of Enterprise Services	3(b)	2,000,000
Washington State Patrol	4(a)	7,450,000
Washington State Patrol	4(b)	2,700,000
Department of Labor and Industries	5	12,504,000
Department of Social and Health Services	6	2,900,000
State Board for Community and Technical Colleges on behalf of:		
Cascadia College	7(a)	30,225,000
Renton Community College	7(b)	2,000,000
South Seattle College	7(c)	10,000,000
Shoreline Community College	7(d)	31,100,000
Lower Columbia College	7(e)	3,400,000
Clover Park Technical College	7(f)	35,821,000
Yakima Valley Community College	7(g)	22,700,000
Bellevue College	7(h)	20,000,000
Whatcom Community College	7(i)	26,475,000
South Puget Sound Community College	7(j)	16,000,000
South Puget Sound Community College	7(k)	7,000,000
Grays Harbor College	7(l)	1,100,000
Capital Budget Total		\$238,698,000

* In each case, plus financing expenses and required reserves.

CERTIFICATE

I, Jason P. Richter, the duly appointed, qualified and acting Secretary of the State Finance Committee of the State of Washington, certify that the foregoing is a true and correct copy of Resolution No. 1213 of such Committee, adopted at an open public meeting thereof held on this 11th day of April, 2018, after notice of such meeting was duly and regularly given as required by law, and that such resolution has been entered in the records of such Committee held on such date and remains in effect as of this date.

DATED: _____, 2018.

Jason P. Richter, Secretary
State Finance Committee



State of Washington
STATE FINANCE COMMITTEE

DUANE A. DAVIDSON, Chairman
State Treasurer

JAY R. INSLEE
Governor

CYRUS HABIB
Lieutenant Governor

April 11, 2018

MEMORANDUM

TO: The Honorable Duane A. Davidson
The Honorable Jay R. Inslee
The Honorable Cyrus Habib

FROM: Jason P. Richter
Deputy State Treasurer

RE: Market and Bond Sales Update

Sale Update. Since the last State Finance Committee meeting on February 5, 2018, the State has sold two series of bonds and one series of certificates of participation (COPs) (Table 1).

Table 1 – Issuance since February 5, 2018

March 6, 2018 -- Bond Sale

Series Name	Series	Par Amount	Delivery Date	Avg. Life (yrs)	TIC
VP GO Bonds, Series 2018C	2018C	\$489,880,000	3/21/2018	15.242	3.60%
MVFT GO Bonds, Series 2018D	2018D	112,040,000	3/21/2018	15.241	3.61%

\$601,920,000

March 7, 2018 -- Certificates of Participation Sale

Series Name	Series	Par Amount	Delivery Date	Avg. Life (yrs)	TIC
State of WA COP, LP 2018A	2018A	\$30,565,000	3/22/2018	4.758	2.30%

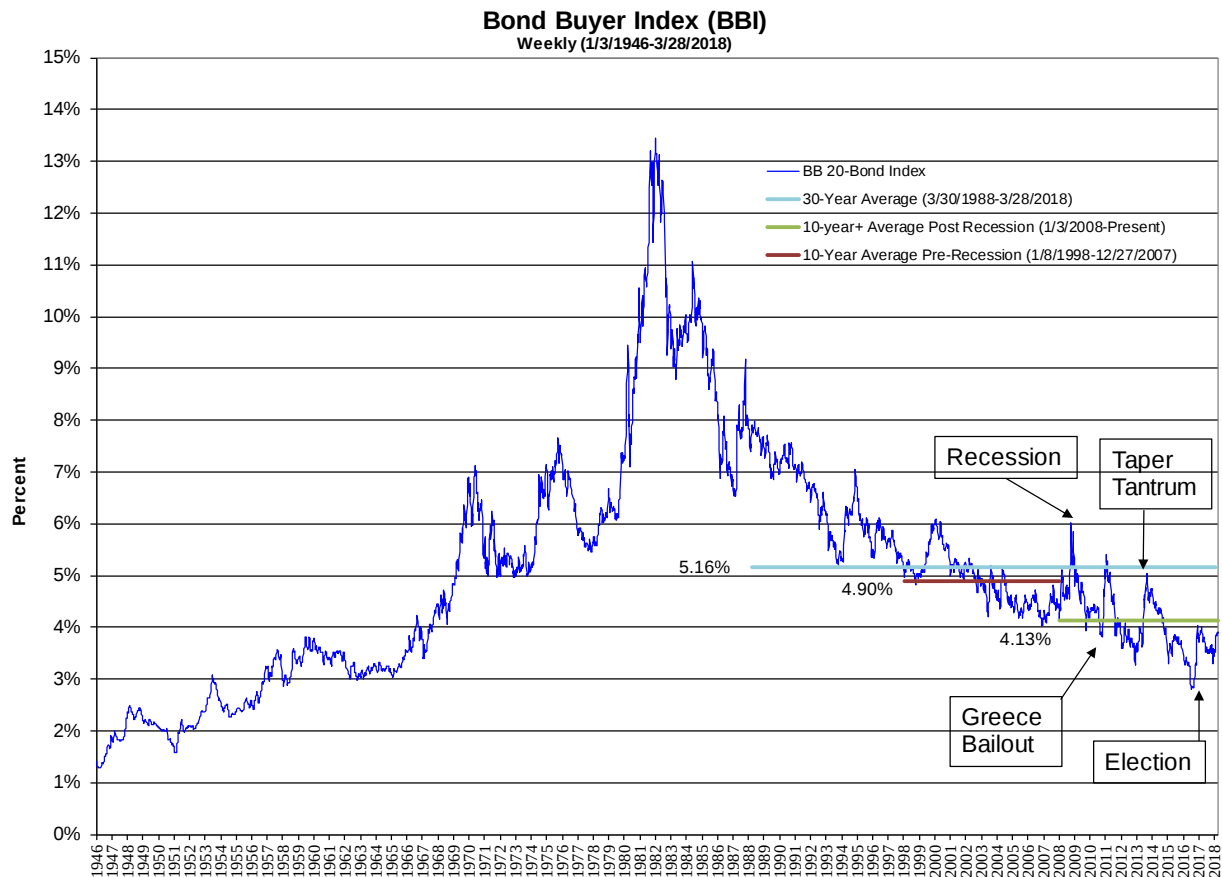
Future Issuances. OST anticipates that the State will issue approximately \$62.5 million of COPs on April 24, 2018. In addition, OST anticipates that the State will issue approximately \$500 million of Various Purpose General Obligation (G.O.) Bonds and \$150 million of Motor Vehicle Fuel Tax G.O. Bonds in the fall of 2018. The actual size and timing of these issuances will be dependent upon cash-flow needs and market conditions.

Market Update. Long-term interest rates continue to be relatively low, remaining below the ten-year average. The current Bond Buyer 20-Bond Index now stands at 3.89%, which is 109 bps higher than the recent historic low of 2.80% (on July 7, 2016). The chart on the following page shows the history of the index, with rates from 1946 to current (Chart 1).

Office of the State Treasurer

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Chart 1



Interest rates, especially short term rates, have increased from the lows reached during the summer of 2016. Short-term rates, reflecting increases to the Federal Reserve's federal funds rate, have seen the most significant increase, as shown in Chart 2 below.

Chart 2

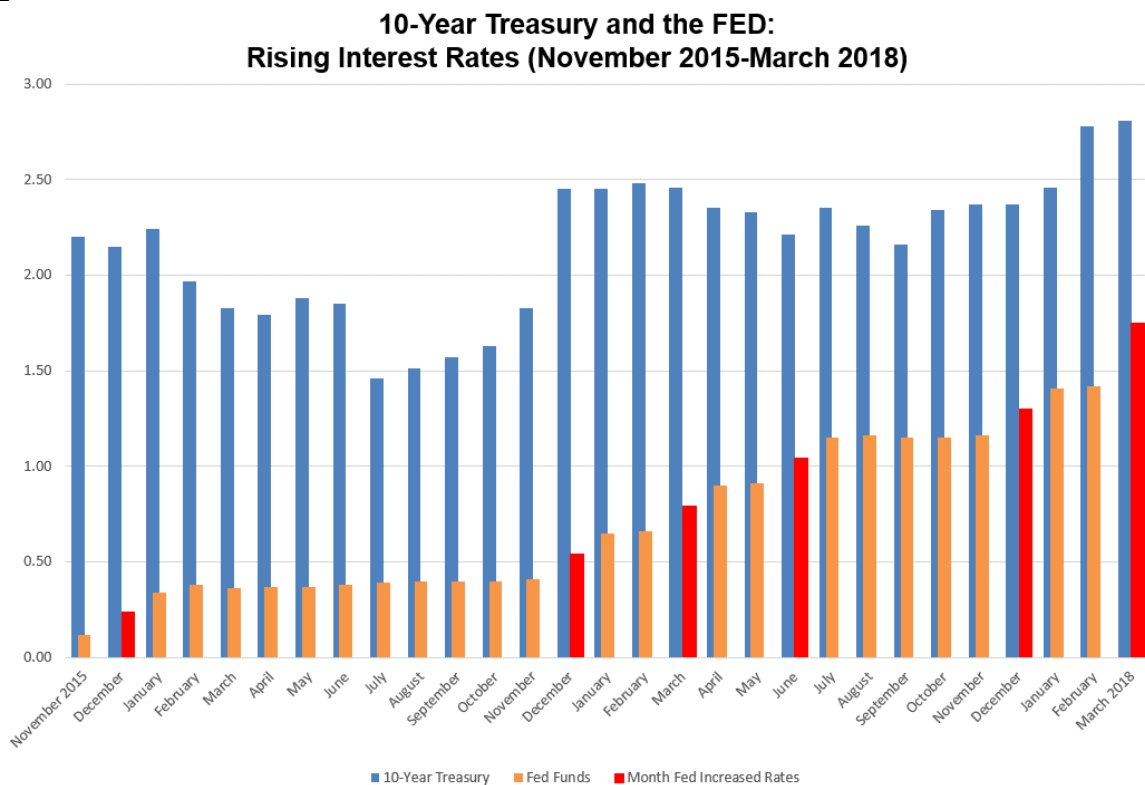
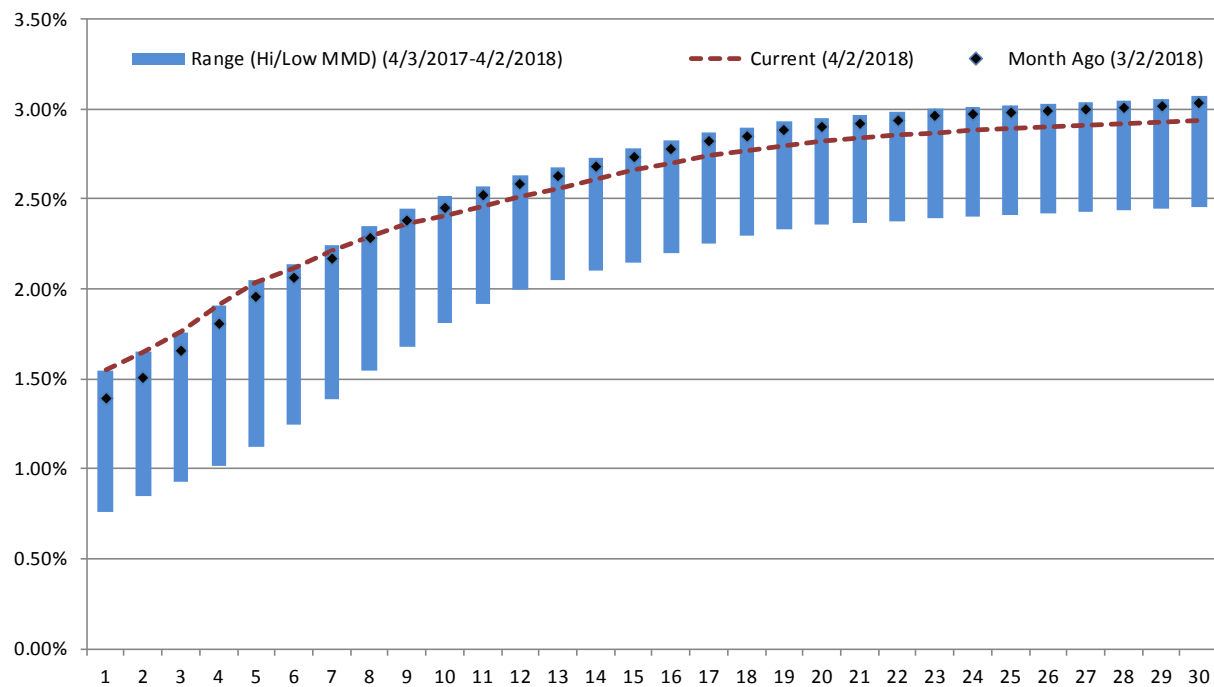


Chart 3

Tax-exempt Yield Curve*
Current and High/Low Yield Curves

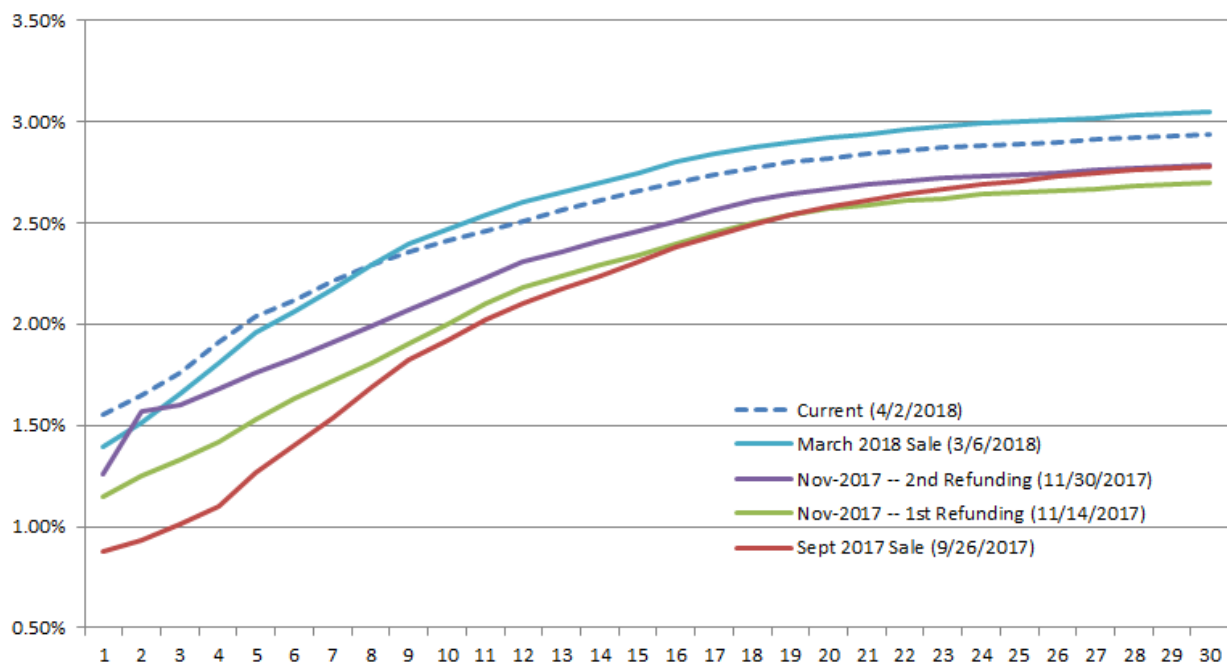


*"AAA" GO MMD (Municipal Market Data).

The tax-exempt yield curve has become considerable flatter over the last year, with short-term rates at or close to their twelve month high (Charts 3 and 4).

Chart 4

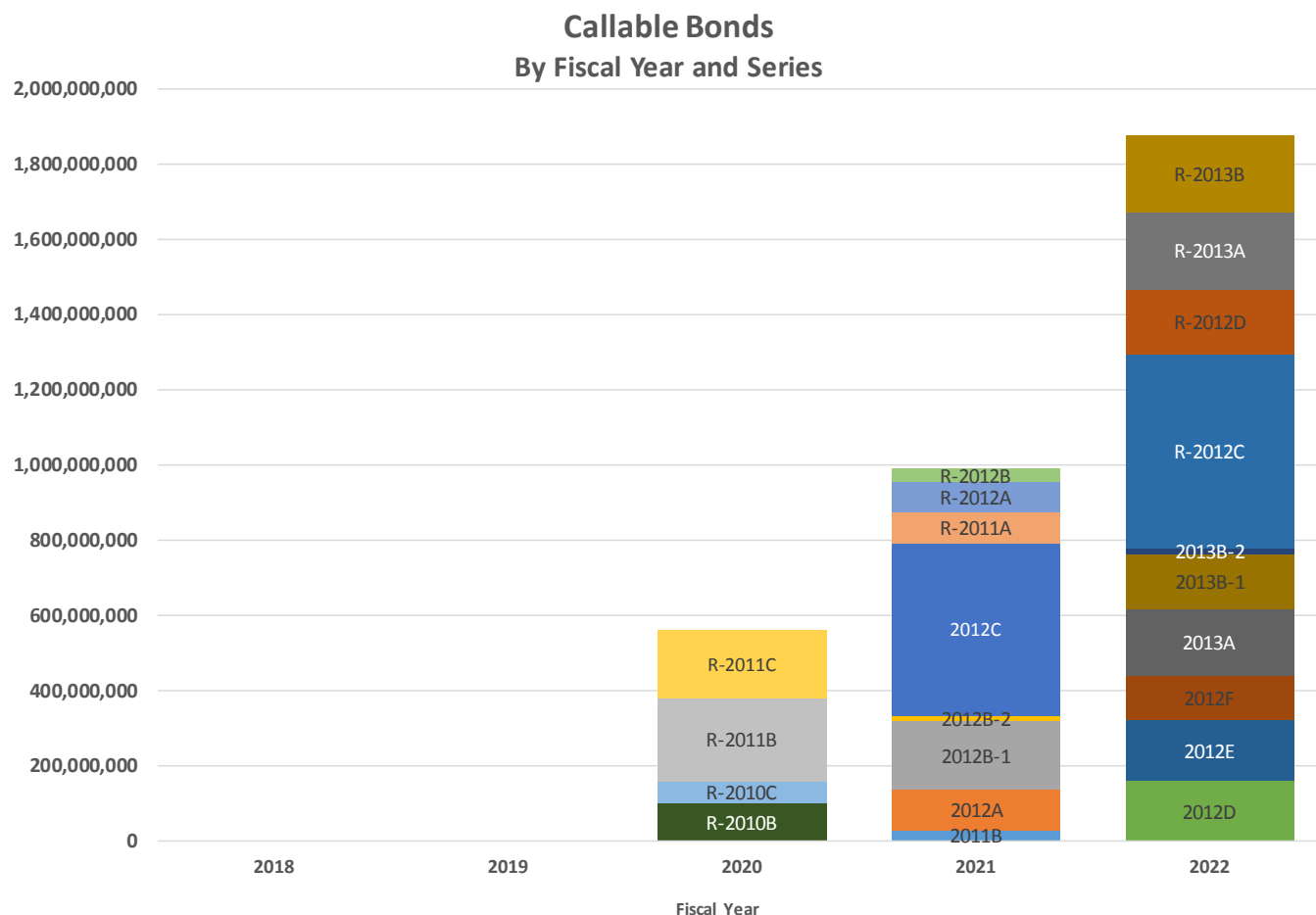
Tax-exempt Yield Curve*
Current Yield Curve and Yield Curves from Recent Sales



*"AAA" GO MMD (Municipal Market Data).

Refunding Opportunities. With our ability to issue advance refunding bonds eliminated as part of the 2018 tax reform package, the State is limited to current refunding structures – or refinancings in which the refunding bonds are issued within 90-days, or less, of the call date of the bonds being refunded. The following table shows the State’s callable G.O. Bonds by fiscal year. As shown below, the State’s next opportunity to refund G.O. Bonds is not until fiscal year 2020 (Chart 5).

Chart 5



Counsel and Advisors.

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