

State Finance Committee Meeting Minutes

Olympia, Washington

December 22, 2020

11:00 AM

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

Present: Duane A. Davidson, State Treasurer, Chair
Jay Inslee, Governor

Excused: Cyrus Habib, Lt. Governor

Also Present Virtually: Jason Richter, Office of the State Treasurer
Scott Merriman, Office of Financial Management
Kristina Brown, Office of the Lt. Governor
Sarah Temple, Office of the Governor
Erhiza Rivera, Office of the State Treasurer
Svein Braseth, Office of the State Treasurer
Austin Goble, Office of the State Treasurer
Leslie Yonkers, Office of the State Treasurer
Jennifer Merchant, Office of the State Treasurer
Shad Pruitt, Office of the State Treasurer
Amy Perry, Office of the State Treasurer
Brenda Snyder, Office of the State Treasurer
Adam Johnson, Office of the State Treasurer
Danni Colo, Office of the State Treasurer
Rusty Fallis, Office of the Attorney General
Scott Forbes, Office of the Attorney General
Robert Shelly, Piper Sandler & Co

Chair Davidson called the meeting to order at 11:00 AM. Chair Davidson stated for the record that two members of the State Finance Committee were present and that a quorum was established. Treasurer Davidson stated that in observance of the Governor's Proclamation 20-28, as amended and extended, we are meeting virtually via Zoom video conference. Chair Davidson requested approval of the agenda for today's meeting, sent to the State Finance Committee members on December 17, 2020. With no objection, the agenda was approved.

Item 1: Approval of the Minutes

Chair Davidson introduced draft minutes from the July 31, 2020 State Finance Committee meeting for approval. No corrections or amendments were requested. The minutes were approved as presented.

Item 2: Informational Item – Bond Sale Update

Chair Davidson introduced Jason Richter, Deputy Treasurer of Debt Management for the Office of the State Treasurer, to provide the bond sale update. Since the last State Finance Committee meeting in July, the state has sold one series of COPs and one series of bonds. We are preparing for a set of February sales, which will be new money Various Purpose GO bonds, new money Motor Vehicle Fuel Tax and Motor Vehicle Fuel Tax Vehicle Related Fee bonds, and a series of COPs as well. In addition, we are actively monitoring refunding opportunities. One of our sales in October was a refunding that saved the state just over \$10 million dollars. Starting in 2021, we are targeting about \$600 million of callable principal, with larger amounts in following years. Given current market rates, we expect the savings will be significant.

Mr. Richter highlighted another item of interest, current interest rates. *Where are interest rates today and what does that mean for the February financings?* Mr. Richter, referencing the graph on page 2 of the memorandum showing the Bond Buyer 20-Bond Index, commented this is a decent approximation for the state's borrowing costs. In July, interest rates fell to lows that we haven't seen since the 1940s. Late July was also the time we sold our last series of GO new money bonds. Those bonds priced at a true interest cost, or an effective borrowing rate, of 2.50%, which may be the lowest borrowing cost the state has ever locked in. The market was very strong and we had a lot of interest for that sale. As of today, you will see that interest rates are a little higher, but the market continues to stay strong. We anticipate a strong sale in February. The silver lining to this COVID crisis is the low interest rates, which allows the state to finance more projects at a lower cost.

Governor Inslee thanked Mr. Richter for the bond sale update and the cogent explanations. Governor Inslee further commented that the graph is a remarkable depiction of the current financial environment, this is a historical moment in time, and the state should use these interest rates to good purposes. Governor Inslee stated that he expects to talk to legislators about this information during the upcoming legislative session in January.

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

Having no further business before the State Finance Committee, Chair Davidson adjourned the meeting at 11:12 AM.

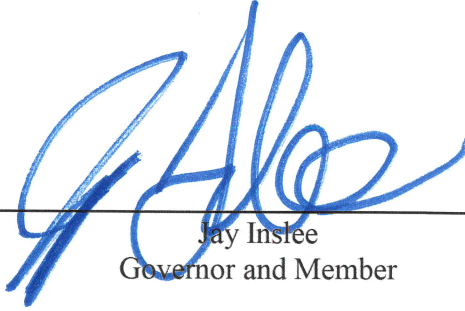
STATE FINANCE COMMITTEE
STATE OF WASHINGTON

By



Mike Pellicciotti
State Treasurer and Chairman

By



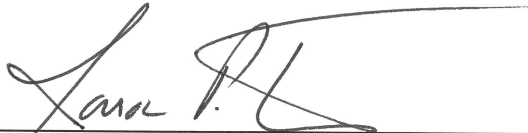
Jay Inslee
Governor and Member

By



Denny Heck
Lieutenant Governor and Member

ATTEST:



Jason P. Richter,
Deputy State Treasurer and Secretary