



**State of Washington**  
**STATE FINANCE COMMITTEE**

**MIKE PELLICCIOTTI**, Chair  
State Treasurer  
**BOB FERGUSON**  
Governor  
**DENNY HECK**  
Lieutenant Governor

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**STATE FINANCE COMMITTEE MINUTES**

**✕ DRAFT until formally adopted and signed by the Committee Members and Secretary**

**July 8, 2025, at 11:30 AM**

**Via Zoom**

**With public participation via Zoom, telephonically,  
and in-person at the Office of the State Treasurer,  
Legislative Building, Second Floor, Room 230, Olympia, WA**

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

**Members Present:** State Treasurer Mike Pellicciotti, Chair  
Governor Bob Ferguson, Member  
Lieutenant Governor Denny Heck, Member

**Staff Present:** Jason Richter, Office of the State Treasurer, Secretary  
K.D. Chapman-Sees, Office of Financial Management  
Jennifer Masterson, Office of Financial Management  
Shane Esquibel, Office of the Governor  
Dallas Roberts, Office of the Lieutenant Governor  
Mark Rachel, Office of the Attorney General  
Scott Forbes, Office of the Attorney General  
Tammie Nuber, Office of the State Treasurer  
Anna Borris, Office of the State Treasurer  
Devon Phelps, Office of the State Treasurer  
Danni Colo, Office of the State Treasurer  
Megan Farrell, Office of the State Treasurer

**Guests:** Doug Vaughn, Department of Transportation  
Nguyen Dang, Department of Transportation  
Kate Manley, Department of Transportation  
Bill Tonkin, Foster Garvey PC  
Matt Schoenfeld, PFM Financial Advisors LLC  
Thomas Toepfer, PFM Financial Advisors LLC

Chair Pellicciotti called the meeting to order at 11:30 AM. Chair Pellicciotti stated for the record that all three members of the State Finance Committee were present, and a quorum was established.

**Item 1: Approval of Minutes**

Chair Pellicciotti introduced the draft minutes from the February 25, 2025, SFC meeting for approval. The Chair asked for a motion on the minutes, the Lieutenant Governor made a motion to approve the February 25, 2025, meeting minutes, Chair Pellicciotti made the second. Hearing no discussion, Chair Pellicciotti called for a vote and the meeting minutes were approved unanimously.

**Item 2: Public Comments.**

Chair Pellicciotti opened the meeting for public comment.

There were no public comments.

**Item 3: Resolution No. 1296: Authorizes the issuance of State of Washington General Obligation Bonds.**

Chair Pellicciotti asked Secretary Richter to provide an overview of Resolution 1296.

Secretary Richter provided an overview of Resolution No. 1296, which authorizes the issuance of general obligation bonds of the state in a principal amount not to exceed \$5,689,750,000.

Chair Pellicciotti asked the Committee if they had any questions for Secretary Richter. Hearing no questions, the Chair asked for a motion on Resolution 1296, the Lieutenant Governor made a motion to adopt Resolution 1296, Chair Pellicciotti made the second. Hearing no discussion, Chair Pellicciotti called for a vote and Resolution No. 1296 was adopted unanimously.

**Item 4: Resolution No. 1297: Authorizes the issuance of Motor Vehicle Fuel Tax and Vehicle Related Fees General Obligation Bonds.**

Chair Pellicciotti asked Secretary Richter to provide an overview of Resolution No. 1297.

Secretary Richter provided an overview of Resolution No. 1297, which authorizes the issuance of Motor Vehicle Fuel Tax and Vehicle Related Fees General Obligation Bonds of the state in a principal amount not to exceed \$2,809,433,000.

Chair Pellicciotti asked the Committee if they had any questions for Secretary Richter. Hearing no questions, the Chair asked for a motion on Resolution 1297, the Lieutenant Governor made a motion to adopt Resolution 1297,

Chair Pellicciotti made the second. Hearing no discussion, Chair Pellicciotti called for a vote and Resolution No. 1297 was adopted unanimously.

**Item 5: Resolution No. 1298: Authorizes the issuance of Various Purpose General Obligation Refunding Bonds and Motor Vehicle Fuel Tax and Vehicle Related Fees General Obligation Refunding Bonds.**

Chair Pellicciotti asked Secretary Richter to provide overview of Resolution No. 1298.

Secretary Richter provided an overview of Resolution No. 1298, which authorizes the issuance of Various Purpose General Obligation Refunding Bonds of the state, in a principal amount not to exceed \$3,966,565,000 and Motor Vehicle Fuel Tax And Vehicle Related Fees General Obligation Refunding Bonds of the state, in a principal amount not to exceed \$1,063,405,000, for the purpose of refunding certain outstanding Various Purpose General Obligation Bonds, Various Purpose General Obligation Refunding Bonds, Motor Vehicle Fuel Tax General Obligation Bonds, Motor Vehicle Fuel Tax General Obligation Refunding Bonds, and Motor Vehicle Fuel Tax And Vehicle Related Fees General Obligation Bonds of the state.

Chair Pellicciotti asked the Committee if they had any questions for Secretary Richter.

Lieutenant Governor Heck asked if there are still possible savings available by going out to the market given the current interest rate environment.

Secretary Richter explained that most of the bonds the state has issued have 5% coupons. When evaluating a refinancing, we look at the mathematical mix of the coupons of the bonds being refinanced, the yield that investors require today, and the call date of the outstanding bonds. While interest rates have increased, the yields demanded by investors generally remain below 5%, which is the threshold for refundings to produce savings. While the savings from refundings may be less than in recent years, as of now, current interest rates still allow the state to realize saving by refinancing callable bonds.

Lieutenant Governor Heck thanked Secretary Richter for the explanation and asked a follow-up question about when we refinance in this interest rate environment, are the savings lower than in the past few years.

Secretary Richter confirmed that is correct and that one of the metrics the state uses in evaluating a refinancing is the percentage of savings compared to the amount of bonds being refinanced. In 2021 and 2022, thanks to historically low interest rates, the state was able to lock in savings equal to more than 20% of the principal amount of the bonds being refinanced. With higher interest rates, savings have decreased, but with the Spring 2025 refinancing, the state still achieved savings equal to 9.3% of the bonds being refinanced, or net present value savings of over \$45.7 million.

Hearing no additional questions, the Chair asked for a motion on Resolution 1298, the Lieutenant Governor made a motion to adopt Resolution 1298, Chair Pellicciotti made the second. Hearing no discussion, Chair Pellicciotti called for a vote and Resolution No. 1298 was adopted unanimously.

**Item 6: Resolution No. 1299: Approves and establishes a finance plan and maximum principal amount of financing contracts and certificates of participation of the State for the 2025-27 biennium.**

Chair Pellicciotti asked Secretary Richter to provide an overview of Resolution No. 1299.

Secretary Richter provided an overview of Resolution No. 1299, which approves and establishes the maximum aggregate principal amount of financing contracts and certificates of participation of the state to be outstanding in the 2025-27 Biennium at \$1,505,355,000. This total includes:

- \$816,095,000 in currently outstanding financing contracts (Certificates of Participation);
- \$381,260,000 in currently outstanding 63-20 financing contracts; and
- an estimated \$308,000,000 in new financing contracts to be entered into and certificates of participation and/or lease revenue bonds to be issued during the 2025-27 Biennium.

Proposed Resolution No. 1299 also approves any refinancing contract (including issuance of refunding certificates of participation) to be entered into for the purpose of achieving interest cost savings in accordance with the Committee's Debt Issuance Policy savings threshold.

Chair Pellicciotti asked the Committee if they had any questions for Secretary Richter. Hearing no questions, the Chair asked for a motion on Resolution 1299, the Lieutenant Governor made a motion to adopt Resolution 1299, Chair Pellicciotti made the second. Hearing no discussion, Chair Pellicciotti called for a vote and Resolution No. 1299 was adopted unanimously.

**Item 7: Resolution No. 1300: Authorizes the issuance of bonds of the state for the purpose of providing funds to pay and reimburse state expenditures for eligible toll facilities identified in the bond act.**

Chair Pellicciotti asked Secretary Richter to provide an overview of Resolution No. 1300.

Secretary Richter provided an overview of Resolution No. 1300, which authorizes the issuance of bonds of the state for the purpose of providing funds to pay and reimburse state expenditures related to the I-405 and SR 167 Corridor Program, as identified in the Bond Act.

Chair Pellicciotti asked the Committee if they had any questions for Secretary Richter. Hearing no questions, the Chair asked for a motion on Resolution 1300, the Lieutenant Governor made a motion to adopt Resolution 1300,

Chair Pellicciotti made the second. Hearing no discussion, Chair Pellicciotti called for a vote and Resolution No. 1300 was adopted unanimously.

**Item 8: Information Item: Rulemaking update.**

Chair Pellicciotti asked Secretary Richter to provide an update on rulemaking.

Secretary Richter stated this is an administrative item where at the last committee meeting the members voted to approve updating rules for both the State Finance Committee and the Public Deposit Protection Committee relating to public records. Today a public hearing was held on the proposed rules. In that hearing we received some verbal and written comments. Next steps will be updating the rules to reflect the comments that were received. We will extend the timeline for adopting the rules to review the comments submitted and then bring the amended language before this Committee at our next meeting.

Chair Pellicciotti asked the Committee if they had any questions for Secretary Richter. Hearing no questions, Chair Pellicciotti moved to the next item on the agenda.

**Item 9: Informational Item: Bond sale and market update.**

Chair Pellicciotti asked Secretary Richter to provide the bond sale and market update.

Secretary Richter provided an update on financing activity since the last State Finance Committee meeting in February of this year. The state sold two series of refunding bonds with a true interest cost of 3.81%, compared to the 5% coupon on the bonds being refinanced. This difference is where savings were generated. We also issued one series of Certificates of Participation (COPs).

The state's next new money bond sale is scheduled to take place later in July and the next COP issuance is expected in November. Additionally, the Office of the State Treasurer continues to actively monitor the state's debt portfolio for refinancing opportunities.

Overall, market rates have trended upward for several quarters. The Bond Buyer 20-Bond Index (BBI) has risen steadily since 2024, reaching a relative highpoint of 5.20% on June 26, 2025. Today, interest rates in the municipal market have risen above the 30-year and 100-year averages, with the current rate remaining below the 50-year average which encapsulates the high interest rates of the 1980's. From a historical perspective, although the interest rates are elevated from the past few years, they do approximate the 100-year average at this time.

Chair Pellicciotti asked the Committee if they had any questions for Secretary Richter.

Lieutenant Governor Heck asked Secretary Richter as the Federal Government acquires more debt does that affect state-issued debt even given our state's strong fiscal position.

Secretary Richter responded that interest rates are influenced by supply and demand, and as reported in the news, it appears the Federal Government may increase its amount of deficit financing. Looking at how interest rates in

this country function, most of the debt market is tied to treasuries in some way. If treasury rates go up, all other interest rates will follow at some level.

Lieutenant Governor asked a follow-up question if that environment in effect means we will have to pay a higher interest rate.

Secretary Richter indicated that he believes higher interest rates are a likely outcome.

Chair Pellicciotti commented that recently, Congress had considered eliminating tax-exempt municipal bonds as a way to pay for the extension of the 2017 Tax Cuts and Jobs Act. Ultimately, the elimination of tax-exempt municipal bonds was not included in the recent bill that was passed, which if included could have been detrimental to the state's ability to finance projects.

Hearing no additional questions and having no further business before the SFC, Chair Pellicciotti adjourned the meeting at 12:00 PM.

SFC, STATE OF WASHINGTON

By \_\_\_\_\_  
Mike Pellicciotti  
State Treasurer and Chair

By \_\_\_\_\_  
Bob Ferguson  
Governor and Member

By \_\_\_\_\_  
Denny Heck  
Lieutenant Governor and Member

ATTEST:

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Jason P. Richter,  
SFC Secretary