



JOHN CHIANG
TREASURER
STATE OF CALIFORNIA

May 25, 2017

RE: LAIF Deposits Are Not Borrowable

As the Treasurer of the State of California, it is my duty as California's chief fiscal officer to do all that I can to protect and preserve the financial integrity of this state. I recently partnered with Governor Brown and the Department of Finance on a Pension Stabilization proposal in the Governor's Budget that I believe presents a unique opportunity to reduce the state's pension obligations in a fiscally responsible way.

As the State Treasurer, I am also the steward of State and Local Government money. As such, I want to assure the Local Agency Investment Fund (LAIF) participants that their money invested with LAIF will not be impacted by this recent proposal. While LAIF funds are commingled in the Pooled Money Investment Account (PMIA), the LAIF funds are segregated from the other state funds including the Surplus Money Investment Fund (SMIF). I also want to emphasize that LAIF funds are not borrowable. Those funds were yours before they were deposited in LAIF, they remain yours while on deposit, and they will be returned directly to you upon demand.

I or my staff will be available to answer any questions concerning this recent Pension Stabilization proposal or any other issues you may have regarding the safety of your LAIF funds. If you have a question or concern, please contact the professionals in my Investment Division and LAIF.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Chiang", is written over the typed name and title.

JOHN CHIANG
California State Treasurer