

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, California 95814

MINUTES

Wednesday, March 18, 2009

The meeting was called to order at 2:10 PM, in the Secretary of State's Auditorium.

Roll: Francisco Lujano, for State Treasurer Bill Lockyer
Tom Sheehy, for Director of Finance Michael C. Genest
Richard Chivaro, for State Controller John Chiang

Staff Present: Bill Dowell, State Treasurer's Office
Mark Paxson, State Treasurer's Office
Kathleen Chovan, Attorney General's Office

MINUTES

The Minutes for the February 18, 2009, meeting were approved as submitted, 3-0.

PMIB DESIGNATION

Mr. Bill Dowell of the State Treasurer's Office presented the portfolio Summary Report as of February 28, 2009. On that day, the portfolio stood at \$59.674 billion. The effective yield was 1.837%, the quarter-to-date yield was 1.963% and the year-to-date yield was 2.503%. The average life of the portfolio was 205 days and AB 55 Loans approved stood at \$11.891 billion, with \$6.001 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$24.341 billion, with 2,717 participants.

Designation No. 1717 was approved, 3-0.

AUTHORIZATION FOR GENERAL FUND INTERNAL BORROWING

Mr. Dowell presented this document which authorizes the General Fund to borrow from various internal sources to meet its cash needs during periods of shortfall. Mr. Dowell noted at the previous meeting, the Board adopted a one-month Authorization for Internal Borrowing. This Authorization initiates internal borrowing as of March 18, 2009, and goes through April 30, 2009. The amount that is estimated to be available from the various internal funds is up to \$18.605 billion. Mr. Dowell concluded by saying the authorization will be presented to the Board on a monthly basis going forward.

The Authorization for General Fund Internal Borrowing for the period March 18, 2009, through April 30, 2009, in the amount of up to \$18.945 billion was approved, 3-0.

DECLARATION OF SURPLUS MONEY/REDUCTION OF SURPLUS MONEY

Mr. Dowell presented the changes in the Surplus Money Investment Fund for the period February 1, 2008, through February 28, 2009. During that month, \$7.172 billion was declared Surplus in various special funds, while \$6.169 billion was declared to be a Reduction in Surplus.

The Surplus Money Declaration/Reduction for the month of February, 2009, was approved, 3-0.

SURPLUS MONEY INVESTMENT FUND REQUESTS

There were no Surplus Money Investment Fund requests this month.

DISCUSSION AND CONSIDERATION REGARDING THE IMPACT OF CASH MANAGEMENT REQUIREMENTS ON APPROVAL OF AB 55 LOANS, INCLUDING POSSIBLE INCREASES OR REDUCTIONS IN LOAN AMOUNTS, OR FREEZING DISBURSEMENTS, FOR OUTSTANDING, RENEWED, OR NEW LOANS

Mr. Blake Fowler of the State Treasurer's Office Public Finance Division began by giving the Board an update on upcoming bond sales. He explained that next week the State Treasurer's Office is planning a tax exempt General Obligation (GO) bond sale, expected to be approximately \$4.000 billion. If the sale is successful, the Treasurer's Office will utilize approximately \$3.830 billion of the proceeds to pay down outstanding AB 55 loans that are eligible for tax exempt financing. Proceeds in excess of \$3.830 billion will be used to provide direct up front financing of projects.

He noted the Treasurer's Office is also exploring the possibility of a second taxable GO bond sale toward the latter part of April. Proceeds of that sale (if completed), would be utilized to pay down approximately \$1 billion of taxable AB 55 loan expenditures. Proceeds above that would be used to provide direct up front financing for taxable GO bond projects that have been impacted by the AB 55 loan freeze.

Mr. Fowler then reviewed the staff report, summarizing the following recommendations:

- 1. Disbursement Freeze.** Staff recommends that the Board continue the freeze on AB 55 loan disbursements for all loans except for; (1) the remaining amount of the \$650 million that was authorized at the January 16, 2009 Board meeting, and that the remainder of the authorized \$650 million continue to be disbursed in accordance with DOF's January 23, 2009 Budget Letter; and (2) \$500 million of funds to be released upon the successful sale of \$4 billion of GO bonds on March 25, 2009. The \$500 million should be distributed based on a determination to be made by DOF, of which disbursements have the highest priority and are in the State's best interests.
- 2. Special Meeting to Consider Analysis of Additional Funds Available for AB 55 Loan Disbursements.** Staff recommends that the Board hold a meeting during the week of March 30, 2009 to consider the SCO and STO analysis of the needs of the special funds and the liquid assets projected to be available in the PMIA.

3. Loan Renewals. Staff recommends that the Board approve the AB 55 loan renewals on the agenda in the amounts shown on column (g) of the staff analysis and presented below.

4. New Loans. Staff recommends that the Board postpone consideration of the three new loan requests on the agenda until a future Board meeting.

The Board members asked Mr. Fowler to clarify several points in his analysis and he elaborated, as necessary. The Chair invited public comment and the following people came forward to speak:

David Schnur
Community Housing Partnership

Jonathan Clay
County of San Diego

Marie Espinosa
Christy Tongvang
Chi Tschang
Shinobu Jackson
Kipp Academy Fresno

Tracy Curry
California Association of
Resource Conservation Districts

Liz Tracey
JP Morgan Chase

Mark Anthony
Community Housing Partnership

Don Zweifel
AMVETS

Karen Christensen
Resource Conservation District
Santa Cruz County

Lisa Silverman
Office of Public School Construction
State Allocation Board

Matthew Packard
Father Joe's Villages

Bonnie Ora Shark
Life Frames, Inc.

Jacques Pelham
Bridge Housing

Richard Grenger

Danny Walsh
Trinity Village Water Company

Terry Corwin
Land Trust of Santa Cruz County

Steve Haslam
RAW Construction Company

David Simpson
Mattole Restoration Council

Jack Ellwanger
Big Sur Community

Chuck Palley
Cahill Contractors, Inc.

Mr. Tom Sheehy expressed a desire to accept the staff recommendation, with the exception of not approving New Loan Request (n), from the California High Speed Rail Authority. Mr. Sheehy felt the Board should consider approving this new loan request, if at all possible. The Board discussed this option and came to the conclusion that, based on the current situation, it would be best to postpone approval of this loan request until a future meeting.

AB 55 LOAN APPLICATIONS (Government Code §16312)

Agenda Item	Loan Number	Department/Program	Adjusted Loan Amount
a.	0890109	State Allocation Board Kindergarten-University Public Education Facilities Bond Act of 2002 (K-12)	\$1,470,170,000.44
b.	0890110	California Department of Corrections And Rehabilitation New Prison Construction Bond Act of 1990	\$1,557,376.35
c.	0890112	University of California Kindergarten-University Public Education Facilities Bond Act of 2002 (Hi-Ed)	\$3,743,933.21
d.	0890113	California Institute for Regenerative Medicine California Stem Cell Research and Cures Bond Act of 2004	\$250,640,000.00
e.	0890111	California Housing Finance Agency CalHFA Revenue Bond Program Loan Warehousing Program (Revolving)	\$250,000,000.00
f.	0890114	California State University SPWB Lease Revenue Bonds SF Campus, Joint Library: J. Paul Leonard & Sutro	\$24,181,862.00
g.	0890115	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Pacheco Forest Fire Station: Replace Facility	\$2,322,133.00

h.	0890116	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds North Region Forest Fire Stations: Various Facilities	\$9,238,479.00
i.	0890117	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Statewide: Construct Forest Fire Stations	\$13,014,488.00
j.	0890118	University of California SPWB Lease Revenue Bonds UC Riverside: Genomics Building	\$53,052,971.00
k.	0890119	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds California Men's Colony, San Luis Obispo: Central Kitchen Replacement	\$12,278.00
l.	089120	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Chuckawalla Valley State Prison: Heating, Ventilation, and Air Conditioning System	\$40,384,315.00

After additional discussion, the Board accepted the staff recommendations and all renewal loan requests were approved, 3-0.

PUBLIC COMMENT

None.

ADJOURNMENT

In the absence of further business, the meeting was adjourned at 3:30 PM.

Respectfully submitted,

(original signed)
Bettina Redway
Executive Secretary