

**POOLED MONEY INVESTMENT BOARD
MAY 20, 2009
Staff Report – Agenda Item 6**

BOND SALE SUMMARY – YEAR TO DATE

While the Pooled Money Investment Board (Board) does not have a role in the issuance of State bonds, the following summary of recent General Obligation (GO) and Public Works Board (PWB) bond sales is being provided to show the amount of “upfront” project funding from bond sales that has helped alleviate the impact of the AB 55 loan freeze.

Bond Issue	Closing Date	Par Amount*	Amount Used to Pay Down Disbursed AB 55 Loans*	Amount Used to Provide Upfront Funding*
GO Bonds (Private Placement - BATA)	February 27, 2009	\$194,000	-	\$194,000
GO Bonds (Private Placement - LACMTA)	April 1, 2009	\$132,890	-	\$132,890
GO Bonds (Tax-Exempt)	April 2, 2009	\$6,543,020	\$3,871,192	\$2,671,828
PWB Series ABCD	April 15, 2009	\$435,145	\$250,012	\$185,133
GO Bonds (Taxable and Build America Bonds)	April 28, 2009	\$6,855,000	\$1,061,683	\$5,793,317
PWB Series EF	April 30, 2009	\$206,830	\$149,795	\$57,035
GO Bonds (Private Placement - SANBAG)	May 15, 2009	\$193,475	-	\$193,475
TOTAL		\$14,560,360	\$5,332,682	\$9,227,678

**amounts in thousands*

Following the issuance of \$6.855 billion of GO bonds on April 28, 2009, the Department of Finance (DOF) released Budget Letter 09-15 on May 6, 2009 outlining the proceeds available by bond act and department. The Budget Letter stated “based on estimated cash flow needs that departments provided to the State Treasurer’s Office (STO), these bond proceeds are sufficient to pay the balance of outstanding obligations (i.e. “unpaid bills”), and pay for estimated project/grant cash needs going forward until a subsequent bond sale. In addition, bond funded projects/grants that had been committed or awarded that were suspended prior to completion of necessary agency approvals may restart. This affects nearly all general obligation bond funded projects/grants that had been suspended pursuant to BL 08-33 and by actions of the Pooled Money Investment Board (PMIB) on December 17, 2008.”

AB 55 LOAN STATUS

As a result of the publicly offered bond sales that have closed this year, the amount of unreimbursed AB 55 loans has been reduced from a high of \$6.115 billion on April 2, 2009 to \$930.01 million as of May 4, 2009. This amount consists of \$59.06 million in disbursements for GO bond programs, \$702.52 million in disbursements for the PWB lease revenue bond program, and \$168.43 million in disbursements for two other revenue bond programs.

RECOMMENDATIONS

1. Loan Renewal Requests. Staff recommends the Board approve the 17 AB 55 loan renewals (Items 6.a-q) on the May 20, 2009 agenda in the amounts shown on column g of Exhibit A. The recommended amounts are for either the amount of the existing adjusted loan amount, a decrease requested by the department, or an increase necessary for the requesting department to pay costs authorized by DOF's Budget Letter 09-09. All renewed loans will be subject to the freeze described in Recommendation 3.

2. New Loan Requests. Staff recommends the following for the two new loan requests on the agenda:

Item 6.r

California Department of Corrections and Rehabilitation,
SPWB Lease Revenue Bonds, AB 900, CA Medical Facility,
Vacaville: 64-Bed Intermediate Care Facility, \$3,293,000.

Recommendation: Staff does not recommend approval at this time.

Comments: This loan was denied at the April 15, 2009 meeting. Although this loan was included in DOF's Budget letter 09-09, Staff continues to recommend that this loan not be approved based on the following:

- On May 4, 2009, the Taxpayers for Improving Public Safety (TIPS) filed an appeal with the California Supreme Court relating to the AB 900 litigation. The Attorney General's Office has stated that until there is a final, non-appealable judgment in favor of the State, it will not be able to provide its customary bond opinion. The Board's past practice has been to not approve any loans for which the Attorney General's Office can not issue its customary bond opinion.
- Although the Board approved one AB 900 loan request for CA Men's Colony, San Luis Obispo: 50 Mental Health Crisis Beds at the April 15, 2009 meeting, DOF stated that it would stipulate to the deferral of all other loan requests for AB 900 projects until the TIPS litigation was fully resolved.
- Staff of the STO's Public Finance Division believes that there are excess proceeds of other PWB bond issues that may be able to be used to fund the loan request.

Item 6.s

California Department of Corrections and Rehabilitation,
SPWB Lease Revenue Bonds, AB 900, CA Medical Facility,
Vacaville: Enhanced Outpatient Treatment, Program and Office Space,
\$3,346,000.

Recommendation: Staff does not recommend approval at this time.

Comments: While this loan was included in DOF's Budget Letter 09-09, Staff recommends that this loan not be approved based on the following:

- On May 4, 2009, the Taxpayers for Improving Public Safety (TIPS) filed an appeal with the California Supreme Court relating to the AB 900 litigation. The Attorney General's Office has stated that until there is a final, non-appealable judgment in favor of the State, it will not be able to provide its customary bond opinion. The Board's past practice has been to not approve any loans for which the Attorney General's Office can not issue its customary bond opinion.
- Although the Board approved one AB 900 loan request for CA Men's Colony, San Luis Obispo: 50 Mental Health Crisis Beds at the April 15, 2009 meeting, DOF stated that it would stipulate to the deferral of all other loan requests for AB 900 projects until the TIPS litigation was fully resolved.
- Staff of the STO's Public Finance Division believes that there are excess proceeds of other PWB bond issues that may be able to be used to fund the loan request.

3. AB 55 Loan Disbursement Freeze. Staff recommends that the Board continue the freeze on AB 55 loan disbursements except for disbursements authorized by DOF's Budget Letter 09-09. However, as shown above, more than \$9.2 billion of bond proceeds have been made available for direct project funding from bond sales completed since February 27, 2009.

EXHIBIT A

POOLED MONEY INVESTMENT BOARD
 LOAN REQUESTS (AB 55 LOANS)
 For the May 20, 2009 PMIB Meeting

Agenda Item	New or Renewal	Old Loan No.	New Loan No.	Fund No.	Type	Department/Program	[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]	[j]	[k]
							New Loan Amount per Loan Application	Original Amount of Existing Loan	Impact on the Pool (a-b)	Amount of CP or Bonds Issued (since previous loan)	Current Loan Amount Outstanding (b - d)	Adjusted Loan Requested Amount (a - d)	Recommended Loan Amount	Impact of Recommendations (g-b)	Interest Paid by	CP	Finance Committee or Board Approval Needed?
RENEWAL REQUESTS																	
GO																	
a	Renewal	0780160	0890071	6001705	GO	Resources Agency Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act	\$ 7,162,630.44	\$ 7,162,630.44	\$ -	\$ 7,143,007.64	\$ 19,622.80	\$ 19,622.80	\$ 7,162,630.44	\$ -	BF	YES	No
b	Renewal	0780154	0890144	6041700	GO	University of California Kindergarten-University Public Education Facilities Bond Act of 2004 (Hi-Ed)	\$ 156,514,466.12	\$ 212,533,425.51	\$ (56,018,959.39)	\$ 113,320,640.12	\$ 99,212,785.39	\$ 43,193,826.00	\$ 156,514,466.12	\$ (56,018,959.39)	BF	YES	No
c	Renewal	0780155	0890145	6044700	GO	State Allocation Board Office of Public School Construction Kindergarten-University Public Education Facilities Bond Act of 2004 (K-12)	\$ 2,707,691,308.00	\$ 1,998,574,725.00	\$ 709,116,583.00	\$ 673,133,284.39	\$ 1,325,441,440.61	\$ 2,034,558,023.61	\$ 1,998,574,725.00	\$ -	BF	YES	No
d	Renewal	0780157	0890146	0005700	GO	Resources Agency Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000	\$ 216,410,000.00	\$ 216,410,000.00	\$ -	\$ 129,811,774.94	\$ 86,598,225.06	\$ 86,598,225.06	\$ 216,410,000.00	\$ -	BF	YES	No
e	Renewal	0780158	0890147	6001700	GO	Department of Water Resources Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act	\$ 76,432,538.76	\$ 76,432,538.76	\$ -	\$ 19,256,051.57	\$ 57,176,487.19	\$ 57,176,487.19	\$ 76,432,538.76	\$ -	BF	YES	No
f	Renewal	0780159	0890148	6001704	GO	Department of Public Health Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act	\$ 1,334,049.41	\$ 1,334,049.41	\$ -	\$ 559,181.54	\$ 774,867.87	\$ 774,867.87	\$ 1,334,049.41	\$ -	BF	YES	No
g	Renewal	0780161	0890149	0402701	GO	State Water Resources Control Board Safe, Clean, Reliable Water Supply Act	\$ 10,467,835.74	\$ 12,767,454.00	\$ (2,299,618.26)	\$ 10,043,647.07	\$ 2,723,806.93	\$ 424,188.67	\$ 10,467,835.74	\$ (2,299,618.26)	BF	YES	No
h	Renewal	0780162	0890150	6053702	GO	Office of Emergency Services Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006	\$ 100,132,588.00	\$ 100,132,588.00	\$ -	\$ 59,526,276.90	\$ 40,606,311.10	\$ 40,606,311.10	\$ 100,132,588.00	\$ -	BF	YES	No
REV																	
i	Renewal	0780165	0890151	0660546	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Red Bluff Forest Fire Station / Unit HQ: Replace Station	\$ 2,079,555.00 \$ 1,480,486.00	\$ 2,079,555.00	\$ (599,069.00)	N/A	N/A	N/A	\$ 2,079,555.00 \$ 1,480,486.00	\$ (599,069.00)	BF	NO	No
j	Renewal	0780167	0890152	0660651	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Twain Hart Forest Fire Station: Relocate Facility	\$ 4,167,293.00	\$ 4,126,532.00	\$ 40,761.00	N/A	N/A	N/A	\$ 4,167,293.00	\$ 40,761.00	BF	NO	No
k	Renewal	0780168	0890153	0660640	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Elk Camp Forest Fire Station: Relocate Facility	\$ 3,284,598.00 \$ 1,350,000.00	\$ 3,284,598.00	\$ (1,934,598.00)	N/A	N/A	N/A	\$ 3,284,598.00 \$ 1,350,000.00	\$ (1,934,598.00)	BF	NO	No
l	Renewal	0780169	0890154	0660673	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Bautista Conservation Camp: Replace Modular Buildings	\$ 7,571,378.00 \$ 570,609.00	\$ 7,571,378.00	\$ (7,000,769.00)	N/A	N/A	N/A	\$ 7,571,378.00 \$ 570,609.00	\$ (7,000,769.00)	BF	NO	No

POOLED MONEY INVESTMENT BOARD
 LOAN REQUESTS (AB 55 LOANS)
 For the May 20, 2009 PMIB Meeting

Agenda Item	New or Renewal	Old Loan No.	New Loan No.	Fund No.	Type	Department/Program	[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]	[i]	[j]	[k]	
							New Loan Amount per Loan Application	Impact on the Pool	Original Amount of Existing Loan	Impact on the Pool (a-b)	Amount of CP or Bonds Issued (since previous loan)	Current Loan Amount Outstanding (b - d)	Adjusted Loan Requested Amount (a - d)	Recommended Loan Amount	Impact of Recommendations (g-b)	Interest Paid by	CP	Finance Committee or Board Approval Needed?
m	Renewal	0780172	0890155	0660580	REV	Department of Mental Health SPWB Lease Revenue Bonds Patton State Hospital - Upgrade Electrical Generator Plant	\$ 3,078,666.00 \$ 3,058,137.00	\$ 2,992,086.00	\$ 66,051.00	N/A	N/A	N/A	\$ 3,058,137.00 \$ 3,058,137.00	\$ 66,051.00	BF	NO	No	
n	Renewal	0890108	0890156	0660628	REV	Department of Mental Health SPWB Lease Revenue Bonds Metropolitan State Hospital - Construct New Kitchen	\$ 24,480,158.00	\$ 19,951,245.00	\$ 4,528,913.00	N/A	N/A	N/A	\$ 24,480,158.00	\$ 4,528,913.00	BF	NO	No	
o	Renewal	0780170	0890157	0660669	REV	Department of General Services SPWB Lease Revenue Bonds Marysville Office Building: Replacement	\$ 76,769,154.00 \$ 75,176,680.00	\$ 75,176,680.00	\$ -	N/A	N/A	N/A	\$ 75,176,680.00	\$ -	BF	NO	No	
p	Renewal	0780163	0890158	0660564	REV	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Susanville: Wastewater Treatment Plant Modifications	\$ 29,990,854.00 \$ 25,870,710.00	\$ 31,712,132.00	\$ (5,841,422.00)	N/A	N/A	N/A	\$ 29,990,854.00 \$ 25,870,710.00	\$ (5,841,422.00)	BF	NO	No	
q	Renewal	0780164	0890159	0660583	REV	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds San Quentin Prison: Condemned Inmate Complex	\$ 19,126,942.00	\$ 18,358,511.00	\$ 768,431.00	N/A	N/A	N/A	\$ 19,126,942.00	\$ 768,431.00	BF	NO	No	
NEW LOAN REQUESTS																		
REV																		
r	New		0890140		REV	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB 900 CA Medical Facility, Vacaville: 64-Bed Intermediate Care Facility	\$ 3,293,000.00	\$ -	\$ 3,293,000.00	N/A	N/A	N/A	\$ -	\$ -	BF	NO	No	
s	New		0890141		REV	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB 900 CA Medical Facility, Vacaville: Enhanced Outpatient Treatment, Program and Office Space	\$ 3,346,000.00	\$ -	\$ 3,346,000.00	N/A	N/A	N/A	\$ -	\$ -	BF	NO	No	
TOTAL							\$ 3,438,065,431.47	\$ 2,790,600,128.12	\$ 647,465,303.35	\$ 1,012,793,864.17	\$ 1,612,553,546.95	\$ 2,263,351,552.30	\$ 2,722,309,848.47	\$ (68,290,279.65)				

Total amount of outstanding PMIA loans as of May 14, 2009*	Requested	Recommended
Impact on the Pool from this months actions	\$ 6,738,328,068.56	\$ 6,738,328,068.56
Outstanding PMIA loans after this months actions	\$ 647,465,303.35	\$ (68,290,279.65)
	\$ 7,385,793,371.91	\$ 6,670,037,788.91

*To the extent a project would have received funding from the active PMIA loan, the loan authorization will be reduced by the amount from the upfront sale once the final project funding determinations are made for the April 2 and April 28 GO bond issues.