

POOLED MONEY INVESTMENT BOARD
MARCH 17, 2010
Staff Report – Agenda Item 7

RECOMMENDATIONS

1. **Loan Renewal Requests.** Staff recommends approval of the nine AB 55 loan renewal requests (Items 7. a –d & f- j) on the March 17, 2010 agenda in the amounts shown on column g of Exhibit A. The recommended amounts are either the amount of the existing adjusted loan amount, a decrease requested by the department, or a small increase necessary for the requesting department to pay accrued interest and/or costs authorized by the Department of Finance’s (DOF) Budget Letter 09-09. All renewed loans will be subject to the freeze as described in Recommendation 2.

Item 7.e Department of Corrections and Rehabilitation,
SPWB Lease Revenue Bonds, San Quentin State Prison: Condemned Inmate
Complex, \$83,860,686

Recommendation: Staff recommends the Board approve the loan renewal request in the amount of \$19,126,942, a reduction of the amount requested, as shown on column g of Exhibit A based on the following:

Background: The Department of Corrections and Rehabilitation (CDCR) is requesting an increase to their existing loan in the amount of \$64,733,744 for the Condemned Inmate Complex at San Quentin State Prison (Project). Although this loan increase has been included in DOF’s Budget Letter 09-09, staff recommends that the loan be renewed at a reduced amount equal to the amount of CDCR’s current loan.

Bonds for the Project were originally scheduled to be sold by the State Treasurer’s Office (STO) in late November 2009 as part of the State Public Works Board Lease Revenue Bonds 2009 Series I (Various Capital Projects). On November 18, 2009, the Treasurer received a letter from Assemblyman Jared Huffman and Senator Mark Leno bringing to the Treasurer’s attention certain pending litigation (specifically the Steinberg v. Schwarzenegger case) that they believed impacted the ability of the STO to issue bonds for the Project. Following discussions with the State Attorney General’s Office and Bond Counsel, the STO, in consultation with the State Public Works Board (SPWB) staff, decided to remove the Project from the sale since the Attorney General’s Office and Bond Counsel were unable to provide the legal opinions required in order to issue bonds for the Project.

The Attorney General’s Office and Bond Counsel have advised the STO that the litigation matters that resulted in removing the Project from the November 2009 sale remain unresolved, and that they are still unable to provide the legal opinions that would enable bonds to be issued for the Project. Accordingly, staff recommends that the Board not authorize an increase to CDCR’s loan at this time since it is unknown when the litigation matters may be fully resolved and whether bonds can ultimately be issued for the Project.

Assuming the litigation matters are resolved favorably, STO staff will work with SPWB staff to include the Project in the first possible SPWB bond issuance.

2. **AB 55 Loan Disbursement Freeze.** Staff recommends that the Pooled Money Investment Board continue the freeze on disbursements for approved AB 55 loans except for disbursements authorized by Department of Finance’s Budget Letter 09-09.

EXHIBIT A

POOLED MONEY INVESTMENT BOARD
 LOAN REQUESTS (AB 55 LOANS)
 For the March 17, 2010 PMIB Meeting

Agenda Item	New or Renewal	Old Loan No.	New Loan No.	Fund No.	Type	Department/Program	[a]	[b]	[c]	[d] Commercial Paper Adjustment			[g]	[h]	[i]	[j]	[k]
							Impact on the Pool	Impact on the Pool	Impact on the Pool	Amount of CP or Bonds Issued (since previous loan)	Current Loan Amount Outstanding (b - d)	New Loan Amount Adjusted by Bonds or CP Issued	Recommended Adjusted Loan Amount	Impact on the Pool (for recommended loan amount)	Interest Paid by	CP	Finance Committee or Board Approval Needed?
RENEWAL REQUESTS																	
GO																	
No GO March Loans																	
REV																	
a	Renewal	0900043	0900063	0501501	REV	California Housing Finance Agency CalHFA Revenue Bond Program Loan Warehousing Program (Revolving)	\$ 90,000,000.00	\$ 140,000,000.00	\$ (50,000,000.00)	N/A	N/A	N/A	\$ 90,000,000.00	\$ (50,000,000.00)	BF	NO	No
b	Renewal	0890134	0900064	0660629	REV	Department of Mental Health SPWB Lease Revenue Bonds Patton State Hospital, EB Building: Renovate Admission Suite , Fire Life Safety & Environment, and Seismic Retrofit, Ph 2 & 3	\$ 2,048,598.00	\$ 2,011,468.00	\$ 37,130.00	N/A	N/A	N/A	\$ 2,048,598.00	\$ 37,130.00	BF	NO	No
c	Renewal	08990142	0900065	0660563	REV	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds CA Men's Colony, San Luis Obispo: 50-Bed Mental Health Crisis Facility	\$ 14,722,834.00 \$ 6,762,734.00	\$ 3,872,000.00	\$ 2,890,734.00	N/A	N/A	N/A	\$ 6,762,734.00	\$ 2,890,734.00	BF	NO	No
d	Renewal	0890135	0900066	0660562	REV	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds CA Rehabilitation Center, Norco: Men's Dormitory Replacement, Ph 2	\$ 50,877.00	\$ 1,234,571.00	\$ (1,183,694.00)	N/A	N/A	N/A	\$ 50,877.00	\$ (1,183,694.00)	BF	NO	No
e	Renewal	0890159	0900067	0660583	REV	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds San Quentin State Prison: Condemned Inmate Complex	\$ 83,860,686.00	\$ 19,126,942.00	\$ 64,733,744.00	N/A	N/A	N/A	\$ 19,126,942.00	\$ -	BF	NO	No
f	Renewal	0890129	0900068	0660686	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Academy: Construct Dormitory and Expand Messhall	\$ 887,244.00 \$ 598,000.00	\$ 887,753.00	\$ (289,753.00)	N/A	N/A	N/A	\$ 598,000.00	\$ (289,753.00)	BF	NO	No
g	Renewal	0890130	0900069	0660687	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Badger Forest Fire Station: Replace Facility	\$ 661,605.00 \$ 344,915.00	\$ 661,605.00	\$ (316,690.00)	N/A	N/A	N/A	\$ 344,915.00	\$ (316,690.00)	BF	NO	No
h	Renewal	0890131	0900070	0660689	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Intermountain Conservation Camp: Replace Facility	\$ 1,553,101.00 \$ 1,045,882.00	\$ 1,553,101.00	\$ (507,219.00)	N/A	N/A	N/A	\$ 1,045,882.00	\$ (507,219.00)	BF	NO	No
i	Renewal	0890132	0900071	0660690	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Miramonte Conservation Camp: Replace Facility	\$ 2,406,526.00	\$ 2,406,526.00	\$ -	N/A	N/A	N/A	\$ 2,406,526.00	\$ -	BF	NO	No
j	Renewal	0890133	0900072	0660677	REV	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Warner Springs Forest Fire Station: Replace Facility	\$ 2,120,586.00 \$ 953,986.00	\$ 2,120,586.00	\$ (1,166,600.00)	N/A	N/A	N/A	\$ 953,986.00	\$ (1,166,600.00)	BF	NO	No
							\$ 188,072,204.00	\$ 173,874,552.00	\$ 14,197,652.00	\$ -	\$ -	\$ -	\$ 123,338,460.00	\$ (50,536,092.00)			

Total amount of outstanding PMIA loans as of March 9, 2010
 Impact on the Pool from this months actions
 Outstanding PMIA loans after this months actions

	Requested	Recommended
	\$ 352,311,031.92	\$ 352,311,031.92
	\$ 14,197,652.00	\$ (50,536,092.00)
	\$ 366,508,683.92	\$ 301,774,939.92