

**POOLED MONEY INVESTMENT BOARD**  
**October 19, 2011**  
**Staff Report – Agenda Items 6 & 7**

**REVIEW OF LOAN POLICY**

1. **Item 6.** Pursuant to section 2.0 of the Pooled Money Investment Account Loan Policy adopted on October 20, 2010 (Loan Policy), the Board shall review the Loan Policy annually each October. At this time, staff recommends that no changes be made to the current Loan Policy.

**REPORTING**

1. **Item 7 - PMIA Loans Monthly Reporting.** The current amount of outstanding approved AB 55 Loans as of September 30, 2011 is \$449,291,533.16.

**RECOMMENDATIONS**

1. **Loan Renewal Requests.** Item 7.c has been withdrawn at the request of the Department of Corrections and Rehabilitation. Staff recommends approval of the three AB 55 loan renewal requests (**Items 7.a, 7.b and 7.d**) on the October 19, 2011 agenda in the amounts shown on column f of Exhibit A to this staff report. Item 7.a reflects a decrease requested by the department. Items 7.b and 7.d reflect increases necessary for the requesting departments to continue working drawings or construction on the projects, as well as to pay accrued interest and administrative costs. All three loan requests are in compliance with the current Loan Policy.

**Item 7.e**                    **Department of Corrections and Rehabilitation**  
State Public Works Board Lease Revenue Bonds, AB 900  
California Health Care Facility  
\$518,001,000 requested

**Background and Recommendation:** The Department of Corrections and Rehabilitation (CDCR) is requesting a \$518,001,000 loan for the California Health Care Facility (Project). This would represent a \$402,614,000 increase to CDCR's existing \$115,387,000 loan for the Project, which is not up for renewal until April 2012. Staff recommends that the Board not approve the \$402 million increase for the following reasons:

- Approval of this loan request for a single project would exceed the \$500 million aggregate loan cap on loans per the Loan Policy adopted on October 20, 2010.
- The approximately \$61 million of undisbursed funds of CDCR's existing \$115 million loan for the Project combined with the approximately \$150 million of proceeds from the State Public Works Board's (SPWB) 2011 Series C bonds will provide funding to cover Project costs until April 2012.

- Approximately \$190 million of additional PMIA loan capacity under the existing \$500 million cap is expected to become available by the end of November 2011 as a result of loan paydowns from the proceeds of SPWB bond sales plus the expected remaining loan capacity. The SPWB could apply for all or a portion of this amount for the Project.
- The Public Finance Division of the State Treasurer's Office believes the remaining Project costs can be reasonably obtained through capital market financings, including traditional SPWB lease revenue bonds or other interim financing mechanisms.

2. **New Loan Request.** Staff recommends approval of the following new loan request:

**Item 7.f**

**Department of Corrections and Rehabilitation**

State Public Works Board Lease Revenue Bonds, SB 81

Shasta County Juvenile Hall: Juvenile Rehabilitation Facility

\$10,498,000 requested

The loan proceeds would be used to fund Construction for this project.

**Comments:**

Staff recommends approval of this loan based on the following:

- The Requesting Department has complied with the loan requirements of section 3.0 of the Loan Policy.

## EXHIBIT A

POOLED MONEY INVESTMENT BOARD  
 LOAN REQUESTS (AB 55 LOANS)  
 For the October 19, 2011 PMIB Meeting

Agenda Item	New or Renewal	Old Loan No.	New Loan No.	Fund No.	Department/Program	[a]	[b]	[c]	[d]	[e]	[f]	[g]	[h]
						New Loan Amount per Loan Application	Impact on the Pool	Original Amount of Existing Loan	Impact on the Pool	Amount of loan payoff (since previous loan)	Current Loan Amount Outstanding (b - d)	STO Loan Recommendations	Impact on the Pool (for recommended loan amount)
<b>RENEWAL REQUESTS</b>													
a	Renewal	1010016	1120011	0660561	Department of General Services SPWB Lease Revenue Bonds Capitol Area West End Complex	\$ 7,742,000.00	\$ 8,000,000.00	\$ (258,000.00)	N/A	N/A	\$ 7,742,000.00	\$ (258,000.00)	BF
b	Renewal	1010017	1120012	0660509	California Conservation Corps SPWB Lease Revenue Bonds Tahoe Base Center Relocation: Phase II	\$ 297,000.00	\$ 279,000.00	\$ 18,000.00	N/A	N/A	\$ 297,000.00	\$ 18,000.00	BF
e	Renewal	<del>4040018</del>	<del>4420043</del>	<del>0660563</del>	<del>Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB 900 CA Men's Colony, San Luis Obispo: 50-Bed Mental Health Crisis Bed Facility.</del>	<del>\$ 33,058,000.00</del>	<del>\$ 24,769,000.00</del>	<del>\$ 8,289,000.00</del>	<del>N/A</del>	<del>N/A</del>	<del>\$</del>	<del>\$</del>	<del>BF</del>
d	Renewal	1010019	1120014	0660522	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB 900 Calaveras County Adult Detention Facility	\$ 13,503,000.00	\$ 6,960,000.00	\$ 6,543,000.00	N/A	N/A	\$ 13,503,000.00	\$ 6,543,000.00	BF
e	Renewal	1010058	1120015	0660576	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB 900 CA Health Care Facility	\$ 518,001,000.00	\$ 115,387,000.00	\$ 402,614,000.00	N/A	N/A	\$ 115,387,000.00	\$ -	BF
<b>NEW LOAN REQUEST</b>													
f	New		1120016		Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB 900 Shasta County Juvenile Hall: Juvenile Rehabilitation Facility	\$ 10,498,000.00	\$ -	\$ 10,498,000.00	N/A	N/A	\$ 10,498,000.00	\$ 10,498,000.00	BF
						<b>\$ 550,041,000.00</b>	<b>\$ 130,626,000.00</b>	<b>\$ 419,415,000.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 147,427,000.00</b>	<b>\$ 16,801,000.00</b>	

Total amount of outstanding PMIA loans as of September 30, 2011  
 Impact on the Pool from this meeting's actions  
 Outstanding PMIA loans after this meeting's actions

Requested	Recommended
\$ 449,291,533.16	\$ 449,291,533.16
<u>\$ 419,415,000.00</u>	<u>\$ 16,801,000.00</u>
\$ 868,706,533.16	\$ 466,092,533.16