

**California Fiscal Recovery  
Financing Authority**  
March 16, 2004  
10:00 am Room 112  
Minutes

**PRESENT:**

Mr. Paul Dobson, Chief Deputy Legal Affairs Secretary, for the Governor of the State of California  
Ms. Barbara Lloyd, Deputy Treasurer, State Treasurer's Office  
Mr. Vince Brown, Chief Operating Officer, State Controller's Office  
Mr. Michael Genest, Chief Deputy Director, Department of Finance (Chairperson)  
Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

**STAFF PRESENT:**

Veronica Chung-Ng, Program Budget Manager  
Greg Rogers, Assistant Program Budget Manager  
Lajunta Inman, Principal Program Budget Analyst  
Tamara Moss, Executive Secretary

**CALL TO ORDER AND ROLL CALL:**

Mr. Genest, Chairperson, Chief Deputy Director, Department of Finance called the meeting to order at 10:00 am. Ms. Moss, Executive Secretary, Department of Finance, called the roll. A quorum was established.

Mr. Genest stated that the first item of business was Agenda Item #3, Consideration of a Proposed Finding of Necessity for a Special Meeting.

Ms. Chung-Ng, Program Budget Manager, Department of Finance, noted that the meeting was being held as a special meeting and the notice of the meeting was not given 10 days prior to the meeting date, which is normally required for the meetings of state entities. The Attorney General's office had advised staff that the Authority may hold a special meeting for the purpose of considering pending litigation, but only if the Authority is able to make a finding in open session that the delay is necessitated by providing notice 10 days prior to the meeting would cause a substantial hardship on the Authority or that immediate action is required to protect the public interest. The finding must set forth the specific facts that constitute the hardship to the Authority or the impending harm to the public interest. Each member had been provided with the draft of a proposed finding for his/her consideration. Copies of this draft proposed finding have been made available to members of the public attending this meeting. We ask that you consider this draft proposed finding. If you adopt this, or some other finding to support this special meeting, it will be provided to the public and posted on the Internet.

Mr. Genest asked if there were any comments from the members. Ms. Lloyd asked if the Authority needed to read the finding into the record. Ms. Chung-Ng replied that it was not necessary as copies had been provided to the public and the finding will be posted on the Internet. Ms. Lloyd then noted that the date of the finding should be changed to March 16, 2004.

Mr. Genest asked if there were any public comments on this item. Hearing none, Mr. Genest asked for a motion and second on Agenda Item #3

**A motion was made by Ms. Lloyd, and seconded by Mr. Lee, to approve Agenda Item #3.**

**Agenda Item #3 was passed with a 6-0 vote.**

**AYES**

Ms. Barbara Lloyd, Deputy Treasurer, State Treasurer's Office  
Mr. Vince Brown, Chief Operating Officer, State Controller's Office  
Mr. Michael Genest, Chief Deputy Director, Department of Finance (Chairperson)  
Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

**NOS**

None

**ABSTAIN**

None

Mr. Genest noted that the second item of business was Agenda Item #4, Consideration of Minutes of the Meeting of December 5, 2003.

Ms. Chung-Ng stated that staff had reviewed the minutes from the December 5, 2003, meeting and believe they accurately reflect the actions taken. Staff recommends approval of Agenda Item #4.

Mr. Genest asked if there were any comments from the members on this item. Ms. Lloyd noted that it would be clearer to indicate the actual vote by member for each item. Ms. Chung-Ng replied that we would make the change.

Mr. Genest asked if there was any public comment on this item. Hearing none, Mr. Genest called for a motion and second on Agenda Item #4.

**A motion was made by Mr. Garcia, and seconded by Ms. Lloyd, to approve Agenda Item #4.**

**Agenda Item #4 was passed with a 7-0 vote.**

**AYES**

Mr. Paul Dobson, Chief Deputy Legal Affairs Secretary, for the Governor of the State of California  
Ms. Barbara Lloyd, Deputy Treasurer, State Treasurer's Office  
Mr. Vince Brown, Chief Operating Officer, State Controller's Office  
Mr. Michael Genest, Chief Deputy Director, Department of Finance (Chairperson)  
Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

**NOS**

None

**ABSTAIN**

None

Mr. Genest stated that the next item called for adjournment into closed session. Before the members adjourned into a closed session, he requested that the members appoint Tamara Moss as clerk for the purpose of keeping record of the topics discussed and decisions made in the closed session. He asked if there were any questions or comments from members.

Mr. Genest asked if there was any public comment on this item, either the adjournment to closed session or the appointment of a clerk for the purpose of keeping records of the topics discussed at that meeting. Hearing none, Mr. Genest called for a motion and a second on appointing a clerk in relation to adjournment to closed session pursuant to Agenda Item #5.

**A motion was made by Mr. Joseph, and seconded by Mr. Garcia, to approve Agenda Item #5.**

**Agenda Item #5 was passed with a 7-0 vote.**

**AYES**

Mr. Paul Dobson, Chief Deputy Legal Affairs Secretary, for the Governor of the State of California  
Ms. Barbara Lloyd, Deputy Treasurer, State Treasurer's Office  
Mr. Vince Brown, Chief Operating Officer, State Controller's Office  
Mr. Michael Genest, Chief Deputy Director, Department of Finance (Chairperson)  
Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

**NOS**

None

**ABSTAIN**

None

Mr. Genest noted that the Authority would adjourn to a closed session pursuant to Government Code Section 11126(e)(2)(A) to confer with the Attorney General and co-counsel regarding *California Fiscal Recovery Financing Authority v. All persons interested in the matter of the validity of the Fiscal Recovery Bonds, etc.* Sacramento County Superior Court Case No. 03AS06875, as further identified in the description of Agenda Item #5 in the notice and agenda for this meeting. He asked all of the members of the public to please step outside, and explained that as soon as the Authority finished with the closed session, the public would be called back into the room.

**Entered in to Closed Session at 10:10 am.  
Returned to Open Session at 10:55 am.**

Mr. Genest welcomed the public back and stated that the Authority was in open session. He announced that in the closed session the Authority authorized the Attorney General and co-counsels Orrick, Herrington and Sutcliffe and Quateman and Zidell to continue the trial date in the *California Fiscal Recovery Financing Authority v. All persons interested in the matter of the validity of the Fiscal Recovery Bonds, etc.*, Sacramento Superior Court Case No. 03AS06875 to a date following the Secretary of State's confirmation of the results of the March 2, 2004, election authorizing the issuance of the Economic Recovery Bonds. At some date following the confirmation of the results of the March 2, 2004, election, the Authority will need to consider whether it is in the State's best interest to rescind the Authority's resolution authorizing the Fiscal Recovery Bonds. Any such future meeting will be duly noticed.

Mr. Genest asked if there was any further comment.

Mr. Genest asked for any other public comment. Hearing none, he stated that the meeting was adjourned.

**Having no further business, the meeting was adjourned at 11:00 am.**

**MEETING NOTICE AND AGENDA**

**SPECIAL MEETING**

**Of The**

**CALIFORNIA FISCAL RECOVERY FINANCING AUTHORITY**

**Organized Pursuant To The**

**FISCAL RECOVERY FINANCING ACT  
GOVERNMENT CODE SECTION 99000 ET SEQ.**

**State Capitol Building, Room 112  
Sacramento, California 95814  
March 16, 2004  
10:00 a.m.**

1. Call to Order
2. Roll Call

Arnold Schwarzenegger, Governor of California  
Philip Angelides, State Treasurer  
Donna Arduin, Director of Finance  
Steve Westly, State Controller  
Sunne Wright McPeak, Secretary of Business, Transportation and Housing Agency  
Ron Joseph, Interim Director of General Services  
Tony Harris, Acting Director of Transportation

Any of the above may be represented by his or her designee.

3. Consideration of a Proposed Finding of Necessity for a Special Meeting. – **APPROVED**
4. Consideration of Minutes of the Meeting of December 5, 2003. - **APPROVED**
5. Adjournment to a closed session, pursuant to Government Code Section 11126, subdivisions (e)(1) and (e)(2)(A), to confer with the Attorney General and co-counsel regarding *California Fiscal Recovery Financing Authority v. All Persons Interested in the Matter of the Validity of the Fiscal Recovery Bonds to be Issued and a Trust Agreement to be Entered Into by the California Fiscal Recovery Financing Authority; Certain Ancillary Agreements and a Fund Agreement Related to the Fiscal Recovery Bonds; and Certain Proceedings and Matters Related Thereto*, Sacramento County Superior Court Case No. 03AS06875.
6. Reconvene open meeting.
7. If authorized by the Authority, report regarding actions taken in closed session. – **The Authority authorized the continuation of a trial date.**
8. Public comment.
9. Adjournment.

There will be an opportunity for public comment at the end of each item, prior to any action.

Note: Items designated for information are appropriate for Authority action if the Authority chooses to take action. Agenda items may be taken out of order.

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Questions or requests for additional information prior to the Authority meeting may be referred to Madelynn McClain, California Department of Finance, 915 L Street, Sacramento, California 95814, telephone: (916) 322-5540. This meeting agenda is also available on the Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) and click on the tab marked California Fiscal Recovery Financing Authority, and on the State Treasurer's website at <http://www.treasurer.ca.gov/meetings.htm>.