

**Economic Recovery
Financing Committee**
November 17, 2006
10:00 am, Redwood Room
Department of Finance, 915 L Street

PRESENT:

Ms. Katie Carroll, Deputy Treasurer, Director of Public Finance for the State Treasurer's Office
Mr. Rick Chivaro, Deputy State Controller and Chief Counsel for the State Controller's Office
Ms. Anne Sheehan, Chief Deputy Director for the Department of Finance (Chairperson)
Mr. Andrew Chang, Chief Deputy Director for the Department of General Services
Mr. Randy Iwasaki, Chief Deputy Director for the Department of Transportation
Ms. Karen Fish, Deputy Secretary, for the Business, Transportation, and Housing Agency

ABSENT:

Ms. Andrea Hoch, Legal Affairs Secretary, for the Governor of the State of California

STAFF PRESENT:

Karen Finn, Committee Secretary
Brian Dewey, Assistant Secretary
Theresa Gunn, Principal Program Budget Analyst
Henry Nanjo, Counsel to the Committee
Christina Ahn, Budget Analyst
Matt Schuller, Budget Analyst
Stan Hiuga, Budget Analyst
Randy Katz, Budget Analyst
Chris Sanford, Executive Secretary

CALL TO ORDER AND ROLL CALL:

Ms. Anne Sheehan, Chairperson, called the meeting to order at 10:06 a.m. Ms. Karen Finn, Committee Secretary, called the roll. A quorum was established.

Ms. Sheehan stated that the first item of business was Agenda Item #3 – Consideration of the Minutes from the May 24, 2004 meeting.

Ms. Finn stated that staff had reviewed the minutes from the May 24, 2004, meeting and believed they accurately reflect the actions taken. Staff recommended approval of Agenda Item #3.

Ms. Sheehan asked if there was any public comment on this item. Hearing none, Ms. Sheehan called for a motion and second on Agenda Item #3.

A motion was made by Mr. Chang and seconded by Mr. Chivaro, to approve Agenda Item #3. Agenda Item #3 (Minutes) was passed with a 6-0 vote.

Ms. Sheehan stated that the second item of business was Agenda Item #4 – the election of a Committee Secretary and Assistant Secretary for administration of the Economic Recovery Financing Committee.

Ms. Finn stated that the Economic Recovery Bond Act required that the Department of Finance chair this committee and therefore the department also provide staff resources. Previously Veronica Chung-Ng and Greg Rogers had provided support and because of a change of assignments in the department, it was asked that the Committee to appoint Karen Finn as Committee Secretary and Brian Dewey as Assistant Secretary to replace them.

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

A motion was made by Mr. Chivaro and seconded by Mr. Iwasaki to approve Agenda Item #4. Agenda Item #4 (Election) was passed with a 6-0 vote.

Ms. Sheehan stated that next item for consideration was Agenda Item #5 – Resolution 06-01.

Ms. Finn reported background information on Proposition 57 titled the Economic Recovery Bond Act that passed at the March 2004 primary election, which authorized the issuance of bonds not to exceed \$15 billion dollars. Ms. Finn stated that the Committee issued \$11.3 billion dollars in 2004 and the primary source of the repayment was the new 1/4 of 1 percent statewide sales tax. The indenture for those bonds required that any sales tax and excess sales tax be expended within 6 months of receipt and that any excess sales tax be used to retire additional bonds over and above what was already scheduled. Ms. Finn reported that there was a substantial amount of excess sales tax revenue and for the first year that the Redemption Fund also has proceeds to be used to retire additional bonds. Ms. Finn then stated that committee staff in conjunction with the Treasurer's Office and our Bond Counsel, Orrick, Herrington, and Sutcliffe LLP, have considered that due to the large amount of revenue, and current market conditions, if another 6 months were available that it would give the Treasurer's Office more flexibility to expend these revenues in a more cost effective measure. Ms. Finn proposed the Fourth Supplemental Indenture would address these concerns and asked that the Committee approve Resolution 06-01 amending the Master Indenture. Ms. Finn also stated that a representative from Bond Counsel was at the meeting to answer any questions and that Legal Counsel has assured staff that no vote by the people was needed to make this amendment valid.

Ms. Sheehan thanked all parties involved for the work done. Ms. Sheehan then asked if there was any public comment on this item. Hearing none, Ms. Sheehan called for a motion and second on Agenda Item #5.

A motion was made by Mr. Chivaro and seconded by Mr. Iwasaki to approve Agenda Item #5. Agenda Item #5 (Resolution 06-01) was passed with a 6-0 vote.

Ms. Sheehan then asked for any public comments on any agenda items for today. Hearing no replies, she then asked for any comments from the public concerning anything not on the agenda. There were no replies.

Having no further business, the meeting was adjourned at 10:12 a.m.