



NEWS RELEASE

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Treasurer Lockyer Unveils \$10.5 Billion Cash-Flow Borrowing Plan for Fiscal 2009-10, Including \$1.5 Billion Interim Loan

SACRAMENTO – State Treasurer Bill Lockyer today announced a \$10.5 billion cash-flow borrowing plan, including a \$1.5 billion interim loan that will allow the State to stop issuing IOUs on September 4.

“This plan is a crucial step toward restoring some fiscal order to California,” said Lockyer. “Its successful implementation will rid us of the financial hardship and stigma caused by IOUs, and ensure the State has enough cash to provide crucial public services for the rest of the fiscal year. I look forward to getting this job done and securing the best possible deal for taxpayers.”

Since last month’s adoption of a revised 2009-10 budget that closed a \$24 billion deficit, Lockyer has been working with the Governor and State Controller to firm up cash-flow projections and develop a borrowing plan to meet cash-flow requirements. The State typically borrows in the Fall to provide money needed to fund operations during months when the revenue flow ebbs.

The \$10.5 billion figure represents the State Controller’s determination of the borrowing need, based on the Controller’s stress-testing of Department of Finance cash-flow projections. Following is a summary of the 2009-10 cash-flow borrowing plan:

- The State Pooled Money Investment Board will meet on August 21 to set September 4 as the date on which the State will pay off IOUs and stop issuing them. That is almost one month earlier than the original payoff, or redemption, date of October 2.

The State Treasurer’s Office will redeem the IOUs. Recipients can redeem their IOUs either in person at the State Treasurer’s Office or via mail. The State Treasurer’s Office address is 915 Capitol Mall, Sacramento, CA 95814.

- The State Treasurer’s Office no later than August 28 will secure a \$1.5 billion interim loan to pay off IOUs (registered warrants) on September 4. The loan will involve the sale of short-term, “interim” Revenue Anticipation Notes (RANs).

(MORE)

- The State Treasurer's Office in mid-September will sell \$10.5 billion of RANs to pay off the interim loan and meet the State's cash flow needs through 2009-10.

The September RANs will be offered to individual investors. Lockyer's office will use its Buy California Bonds program to make the transaction known to individual investors and help them purchase RANs through broker-dealers.

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