



May 19, 2009

To: Interested Parties

I am writing to give you an update on the Pooled Money investment Board's December 17, 2008 decision to freeze bond fund payments. While there are still many unknowns, we can share the following information.

Recent Sale of Bonds:

In March and April 2009, the State Treasurer was able to sell sufficient bond funds that will enable the Office of Grants and Local Services (OGALS) to pay for the following highest priorities:

- Reimburse grantees for project costs incurred prior to December 17, 2008.
- Reimburse grantees for eligible project costs charged to grants liquidating on June 30, 2009.

Additionally, funds will be available for other bond funded projects currently under contract. You may proceed with your other projects. We estimate that we have sufficient funds to make payments through the summer until the next bond sale, which is anticipated to occur sometime this fall. However, if the payment requests received before the next bond sale exceed our projections, those payments cannot be processed until more bonds are sold.

At this time, we can guarantee that you will get paid, but cannot guarantee when that will happen. I encourage you to submit payment requests as soon as possible.

Advance payments can be made for acquisition costs into escrow, but not for construction costs. Only reimbursement payments for construction costs will be approved. We cannot provide advance payments for construction costs due to new tax compliance issues on the State's part for the bonds sold in March and April 2009.

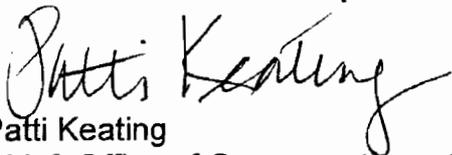
Extension of Grants Liquidating:

The Governor's Administration is committed to ensuring that grantees are not disadvantaged by the bond freeze by having their appropriations revert too soon. However, the Administration will be judicious in its approach. Therefore, a one-year extension of all grants scheduled to liquidate on June 30, 2009 will be included in the 2009/2010 budget. The extension will not become official until approved by the Legislature. Extensions on grants liquidating after June 30, 2009, will be considered in future budget years.

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If you have any additional questions, please contact your Project Officer. A list of all Project Officers can be found at the OGALS website www.parks.ca.gov/grants.

Sincerely,

A handwritten signature in black ink that reads "Patti Keating". The signature is written in a cursive style with a large initial "P" and a long, sweeping underline.

Patti Keating
Chief, Office of Grants and Local Services

cc: Sedrick Mitchell, Deputy Director External Affairs