DEPARTMENT OF TRANSPORTATION
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December 19, 2008

Dear Proposition 1B Recipient:

Recently, I told you that the Pooled Money Investment Board (PMIB) could defer disbursements from the Pooled Money Investment Account (PMIA). The California Department of Transportation (Caltrans) relies upon these disbursements for all bond-funded projects. On December 17, 2008, the PMIB acted to suspend disbursements until their January meeting.

Unfortunately, I have had to suspend awards of State-advertised bond-funded construction contracts until the PMIB can assure us of our ability to access the PMIA for future loans pending the sale of bonds. We are presently evaluating the cash flow situation to determine if we can continue State-administered projects that have already been awarded.

The PMIB action requires me to advise you not to enter into any new construction, other agreements or contracts that would be funded from State bonds until further notice. Please note that the State will not be able to reimburse you for expenditures on bond-funded projects you may already have underway until authorized by the PMIB.

This is a very difficult situation. I am proud of the progress our partners and Caltrans have made in expediting the delivery of bond program and look forward to the completion of these projects. This would demonstrate our commitment to meet the expectations of the California voters when they approved the Proposition 1B bonds in November 2006.

I am hopeful that the Legislature will move quickly to resolve the underlying budget issues that are affecting our bond programs. Thank you for your continued support and, as always, I will notify you when the situation changes.

Sincerely,

WILL KEMPTON
Director

c: Dale E. Bonner, Secretary
Business, Transportation and Housing Agency