

## *Steve Westly* *California State Controller*



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### **CONTROLLER'S \$11 BILLION RAW SALE EARNS TIER 1 RATINGS**

**Sacramento, June 5, 2003** – State Controller Steve Westly today announced that his financial team has secured the highest category ratings from rating agencies for the Controller's \$11 billion Revenue Anticipation Warrant (RAW). As a result of the Tier 1 ratings, California will be able to save tens of millions of dollars in interest on the short-term borrowing and offer a broad-based sale attractive to a large number of buyers.

"This is the best possible outcome for California taxpayers. We created a strong deal to secure the lowest interest rates and achieve the most savings," Westly said. "In addition, the Tier 1 ratings mean that money market funds will be able to purchase the RAWs, which greatly increases the number of potential RAW purchasers."

The RAW offering includes credit enhancement, which is a promise by a group of large financial institutions to repay the RAWs when they mature if the State is unable to pay. The interest paid for the RAWs will be significantly lower because of the credit enhancement.

The RAW will be sold June 11. The RAW proceeds will be received in mid-June in time to repay \$12.5 billion in Revenue Anticipation Notes and to meet the State's cash needs through the summer. However, the Controller said this short-term cash is only a temporary solution and not a replacement for an on-time budget.

"With the support of the credit enhancement participants and the investors we've talked to, California will get the short-term cash it needs. However, this is all the money we can borrow at the present time, and it will only last through August at best," Westly said. "It is more important than ever to have a budget passed on time, to avoid a cash crisis."

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