

MINUTE ITEM

6/25/70  
CRK

30. AUTHORIZATION FOR LESSEES TO SATISFY LEASE BOND REQUIREMENTS BY DEPOSITING SPECIFIED SECURITIES AND CASH DEPOSITS WITH STATE TREASURER - W-5125.5.

After consideration of Calendar Item 4 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION AUTHORIZES ANY LESSEE TO COMPLY WITH LEASE BOND REQUIREMENTS BY PROVIDING EITHER A CORPORATE SURETY BOND ON THE COMMISSION'S STANDARD FORM OR, IN LIEU THEREOF, A PERFORMANCE BOND SECURED BY DEPOSITING WITH THE STATE TREASURER ANY ONE OF THE FOLLOWING:

- A. BEARER BOND ISSUED BY THE UNITED STATES GOVERNMENT OR BY THE STATE OF CALIFORNIA.
- B. CERTIFICATE OF DEPOSIT PAYABLE TO THE STATE OF CALIFORNIA, ISSUED BY A BANK DOING BUSINESS IN CALIFORNIA AND INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.
- C. INVESTMENT CERTIFICATE OR SHARE ACCOUNT ASSIGNED TO THE STATE OF CALIFORNIA AND ISSUED BY A SAVINGS AND LOAN ASSOCIATION DOING BUSINESS IN CALIFORNIA AND INSURED BY THE FEDERAL SAVINGS AND LOAN CORPORATION.

Attachment:

Calendar Item 4 (1 page)

CALENDAR ITEM

6/70  
CRK

4.

AUTHORIZATION FOR LESSEES TO SATISFY LEASE BOND REQUIREMENTS BY DEPOSITING SPECIFIED SECURITIES AND CASH DEPOSITS WITH STATE TREASURER - W-5125.5.

At present a lessee may comply with lease terms requiring a surety bond by arranging for a standard bond through a corporate surety or by depositing U. S. Government bearer bonds with the State Treasurer. In the latter case, maturing coupons are paid to the lessee, whereas a bond obtained from a surety costs the lessee approximately \$20.00 per thousand dollars per annum.

In the interest of accommodating the Commission's lessees by reducing their bond expenses, it is desirable to broaden the scope of collateral that may be deposited by a lessee in association with a lease bond. The State Treasurer's office has been consulted on the subject, and, with concurrence of the Treasurer's Trust Officer, it has been found feasible to permit a lessee to deposit any of the securities recommended hereinafter.

Administrative procedures within the Division and the Treasurer's office will provide for orderly procurement by the lessee and timely deposit of the collateral as listed below. In addition, the Treasurer's office will arrange for the lessee to receive maturing coupons or accrued interest.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE ANY LESSEE TO COMPLY WITH LEASE BOND REQUIREMENTS BY PROVIDING EITHER A CORPORATE SURETY BOND ON THE COMMISSION'S STANDARD FORM OR, IN LIEU THEREOF, A PERFORMANCE BOND SECURED BY DEPOSITING WITH THE STATE TREASURER ANY ONE OF THE FOLLOWING:

- A. BEARER BOND ISSUED BY THE UNITED STATES GOVERNMENT OR BY THE STATE OF CALIFORNIA.
- B. CERTIFICATE OF DEPOSIT PAYABLE TO THE STATE OF CALIFORNIA, ISSUED BY A BANK DOING BUSINESS IN CALIFORNIA AND INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION.
- C. INVESTMENT CERTIFICATE OR SHARE ACCOUNT ASSIGNED TO THE STATE OF CALIFORNIA AND ISSUED BY A SAVINGS AND LOAN ASSOCIATION DOING BUSINESS IN CALIFORNIA AND INSURED BY THE FEDERAL SAVINGS AND LOAN CORPORATION.