

# **Economic Recovery Financing Committee**

April 20, 2004

10:30 am Room 2040

Minutes

## **PRESENT:**

Mr. Peter Siggins, Legal Affairs Secretary, for the Governor of the State of California  
Mr. Juan Fernandez, Division Director, State Treasurer's Office  
Mr. Rick Chivaro, Chief Counsel, State Controller's Office  
Ms. Donna Arduin, Director, Department of Finance (Chairperson)  
Mr. Al Lee, Principal Fiscal Officer, Secretary of the Business, Transportation and Housing Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

## **STAFF PRESENT:**

Veronica Chung-Ng, Program Budget Manager  
Greg Rogers, Assistant Program Budget Manager  
Madelynn McClain, Budget Analyst

## **CALL TO ORDER AND ROLL CALL:**

Ms. Arduin, Chairperson, Director, Department of Finance called the meeting to order at 10:30 am. Ms. McClain, Budget Analyst, Department of Finance, called the roll. A quorum was established.

Ms. Arduin made a brief statement before the proceedings began. "The effect of our actions today will be to refinance our short-term debt at the best rates we can get in the market. Without the passage of Propositions 57 and 58, the State would be in a financial crisis. I want to thank the Legislature and the people for their actions to allow us to be here today to do this. We are now going to be in a position, instead of struggling with that crisis, to be able to get on with resolving the State's budgetary issues. I also want to thank the financing team, the State Treasurer's Office, in particular, for working so diligently to achieve the best possible financing costs for the State of California and the California taxpayers."

Ms. Arduin noted that the first item of business was to elect the Financing Committee Secretary and Financing Committee Assistant Secretary to administer the Economic Recovery Bond Act. Ms. Arduin requested that the members elect Veronica Chung-Ng as the Financing Committee Secretary and Greg Rogers as the Financing Committee Assistant Secretary.

Ms. Arduin asked if the members or public had any comments on this item. Hearing none, Ms. Arduin called for a motion and second on the election of Veronica Chung-Ng as Financing Committee Secretary and Greg Rogers as Financing Committee Assistant Secretary.

**A motion was made by Mr. Fernandez and seconded by Mr. Lee to approve the selection of Veronica Chung-Ng as the Financing Committee Secretary and Greg Rogers as the Financing Committee Assistant Secretary.**

**Item #3 was passed with a 7-0 vote.**

## **AYES**

Mr. Peter Siggins, Legal Affairs Secretary, for the Governor of the State of California  
Mr. Juan Fernandez, Division Director, State Treasurer's Office  
Mr. Rick Chivaro, Chief Counsel, State Controller's Office  
Ms. Donna Arduin, Director, Department of Finance (Chairperson)  
Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing

Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

**NOS**

None

**ABSTAIN**

None

Ms. Arduin noted that the second item of business was to confirm the distribution of the Bagley-Keene Open Meeting Act to the members.

Ms. Chung-Ng stated that pursuant to Government Code Section 11121.9, each member had received a copy of the Open Meeting Act.

Ms. Arduin noted that the third item of business was related to the employment of bond counsel.

Ms. Chung-Ng stated that the item authorized the State Treasurer to employ bond counsel for legal opinions related to the sale of bonds under the Economic Recovery Bond Act, pursuant to Section 16760 of the Government Code.

Ms. Arduin asked if the members or public had any comments on this item. Hearing none, Ms. Arduin called for a motion and second to authorize the State Treasurer to employ bond counsel for legal opinions pursuant to Section 16760 of the Government Code.

**A motion was made by Mr. Fernandez and seconded by Mr. Joseph to authorize the State Treasurer to employ bond counsel for legal opinions pursuant to Section 16760 of the Government Code.**

**Item #5 was passed with a 7-0 vote.**

**AYES**

Mr. Peter Siggins, Legal Affairs Secretary, for the Governor of the State of California  
Mr. Juan Fernandez, Division Director, State Treasurer's Office  
Mr. Rick Chivaro, Chief Counsel, State Controller's Office  
Ms. Donna Arduin, Director, Department of Finance (Chairperson)  
Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

**NOS**

None

**ABSTAIN**

None

Ms. Arduin noted that the fourth item of business was Resolution 2004-1.

Ms. Chung-Ng noted that Resolution 2004-1, if adopted, would:

- Authorize certain administrative actions including the formal authorization to hire bond counsel;
- Approve the proposed form of and authorized the execution and delivery of a Master Indenture of Trust relating to the security of, not to exceed \$15 billion of State of California Economic Recovery Bonds to

be issued from time to time, and authorize amendments to that Master Indenture not inconsistent with the terms of the Resolution;

- Approve the proposed form of and authorized the execution and delivery of an Economic Recovery Bonds Implementation Agreement;
- Delegate to the Director of Finance, as Chairperson of the Committee, and the Treasurer, as agent for sale of the Bonds and as Trustee, the authority to take further actions as necessary or desirable to consummate the issuance of the Bonds; and
- Ratify actions taken by the Chairperson and the Treasurer in connection with the preparation of the Master Indenture and the Implementation Agreement.

Ms. Chung-Ng stated that staff recommended approval of Resolution 2004-1.

Ms. Arduin asked if the members or public had any comments on this item. Hearing none, Ms. Arduin called for a motion and second to approve Resolution 2004-1.

**A motion was made by Mr. Chivaro and seconded by Mr. Garcia to approve Resolution 2004-1.**

**Resolution 2004-1 was passed with a 7-0 vote.**

#### **AYES**

Mr. Peter Siggins, Legal Affairs Secretary, for the Governor of the State of California  
Mr. Juan Fernandez, Division Director, State Treasurer's Office  
Mr. Rick Chivaro, Chief Counsel, State Controller's Office  
Ms. Donna Arduin, Director, Department of Finance (Chairperson)  
Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing Agency  
Mr. Ron Joseph, Interim Director, Department of General Services  
Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

#### **NOS**

None

#### **ABSTAIN**

None

Ms. Arduin noted that the fifth item of business was Resolution 2004-2. She then stated, "First, I would like to bring to the members' attention a copy of the letter to the Members from me, as Director of the Department of Finance, certifying the amount of the accumulated budget deficit, as defined in the Economic Recovery Bond Act. In this letter, I also request the Committee to issue bonds to provide net proceeds of \$12.254 billion. If and when additional bond proceeds are needed, I will make an additional request."

Ms. Chung-Ng then noted that a copy of the letter had been provided to each of the members of the Committee. Resolution 2004-2, if adopted, would:

- Authorize the issuance and sale of one or more series of State of California Economic Recovery Bonds in an amount not to exceed \$12,254,000,000 to finance a portion of the Accumulated State Budget Deficit and certain costs related to the issuance of the bonds and establishes certain terms of those Bonds;
- Delegate certain duties related to such bonds to the Director of Finance as Chairperson of the Committee and to the Treasurer, both as agent for sale for the bonds and as Trustee under the indenture;
- Approve the proposed form and authorized the execution of the following documents:
  - First Supplemental Indenture pertaining fixed rate bonds,
  - Second Supplemental Indenture pertaining to floating rate bonds

- Preliminary Official Statement
- The following ancillary agreements relating to ancillary obligations and the bonds:
  - A Letter of Credit and Reimbursement Agreement,
  - A Standby Bond Purchase agreement,
  - A Tender Agent Agreement,
  - An Auction Agreement,
  - A Broker-Dealer Agreement,
  - A Remarketing Agent Agreement and
  - Certain Swap Agreements.
- Authorize the Treasurer as agent for sale to enter into certain other ancillary agreements, including for example, agreements related to bond insurance and credit enhancement, all within the scope of his duties as agent for sale and consistent with the Resolution.
- Ratify and approved previous actions taken by the authorized designees on behalf of the Committee to carry out the purposes of the Economic Recovery Bond Act.
- Direct the Department of Finance to determine the amount of net proceeds to deposit in the General Fund, pursuant to Government Code Section 99060(c).
- Acknowledge and confirmed the Treasurer's authority, as agent for sale, to take all actions that are customary and appropriate in connection with these bonds

Ms. Chung-Ng stated that staff recommended approval of Resolution 2004-2.

Ms. Arduin asked if the members or public had any comments on this item. Hearing none, Ms. Arduin called for a motion and second to approve Resolution 2004-2.

**A motion was made by Mr. Chivaro, and seconded by Mr. Siggins, to approve Resolution 2004-2.**

**Resolution 2004-2 was passed with a 7-0 vote.**

**AYES**

- Mr. Peter Siggins, Legal Affairs Secretary, for the Governor of the State of California
- Mr. Juan Fernandez, Division Director, State Treasurer's Office
- Mr. Rick Chivaro, Chief Counsel, State Controller's Office
- Ms. Donna Arduin, Director, Department of Finance (Chairperson)
- Mr. Al Lee, Interim Chief Fiscal Officer, Secretary of the Business, Transportation and Housing Agency
- Mr. Ron Joseph, Interim Director, Department of General Services
- Mr. Bob Garcia, Chief Financial Officer, Department of Transportation

**NOS**

None

**ABSTAIN**

None

Ms. Arduin stated that if any member of the public wanted copies of the documents approved by the Committee today, please leave your name with Madelynn McClain and let her know the specific documents you would like to have.

Ms. Arduin asked for any other public comment. Hearing none, she stated that the meeting was adjourned.

**Having no further business, the meeting was adjourned at 10:44 am.**

# MEETING NOTICE

## and AGENDA

### MEMBERS of the ECONOMIC RECOVERY FINANCING COMMITTEE under ECONOMIC RECOVERY BOND ACT GOVERNMENT CODE SECTION 99050 *ET SEQ.* APPROVED PURSUANT TO PROPOSITION 57

State Capitol, Room 2040  
Sacramento, California 95814  
April 20, 2004; 10:30 a.m.

1. Call to Order
2. Roll Call:
  - Arnold Schwarzenegger, Governor of California – **Peter Siggins, Legal Affairs Secretary**
  - Philip Angelides, State Treasurer – **Juan Fernandez, Division Director**
  - Steve Westly, State Controller – **Rick Chivaro, Chief Counsel**
  - Donna Arduin, Director of Finance
  - Sunne Wright McPeak, Secretary of Business, Transportation and Housing Agency – **Al Lee, Principal Fiscal Officer**
  - Ron Joseph, Interim Director of General Services
  - Tony Harris, Acting Director of Transportation – **Bob Garcia, Chief Financial Officer**

The Governor may be represented by his designee, and any of the other members may be represented by his or her deputy.
3. Election of a Financing Committee Secretary and a Financing Committee Assistant Secretary to administer the Economic Recovery Bond Act. **Veronica Chung-Ng was elected as the Finance Committee Secretary and Greg Rogers was elected as the Finance Committee Assistant Secretary.**
4. Distribution of a copy of the Bagley-Keene Open Meeting Act (Article 9 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code, Section 11120 *et seq.*) to Members of the Committee, pursuant to Section 11121.9 of the Government Code. [Information Item]
5. Authorization of the State Treasurer to employ bond counsel for legal opinions related to the sale of bonds under the Economic Recovery Bond Act, pursuant to Section 16760 of the Government Code. **This item passed with a 7-0 vote.**
6. Consideration of Resolution 2004-01 under the Economic Recovery Bond Act, authorizing certain administrative actions; approving and authorizing the execution and delivery of a Master Indenture of Trust relating to the security of not to exceed \$15 billion of State of California Economic Recovery Bonds to be issued from time to time; approving and authorizing the execution and delivery of an Economic Recovery Bonds Implementation Agreement; and authorizing other related actions. **Resolution 2004-1 passed with a 7-0 vote.**

7. Consideration of Resolution 2004-2 under the Economic Recovery Bond Act, authorizing the issuance and sale of one or more series of State of California Economic Recovery Bonds, Series 2004, in an amount not to exceed \$12,254,000,000 to finance a portion of the Accumulated State Budget Deficit and certain costs related to the issuance of such bonds; delegating certain duties related to such bonds to the Director of Finance, as Chairperson of the Committee and to the Treasurer; approving and authorizing the execution and delivery of a First Supplemental Indenture pertaining to fixed rate bonds, a Second Supplemental Indenture pertaining to floating rate bonds, various agreements relating to ancillary obligations, and other agreements related to the bonds; and other matters related thereto.

**Resolution 2004-2 passed with a 7-0 vote.**

8. Public comment.
9. Adjournment.

There will be an opportunity for public comment at the end of each item, prior to any action thereon.

Note: An item designated as an "Information Item" is appropriate for Committee action if the Committee chooses to take action. Agenda items may be taken out of order.

The Economic Recovery Financing Committee complies with the Americans with Disabilities Act (ADA) by ensuring that the meeting facilities are accessible to persons with disabilities, and providing this notice and information given to the Members of the Economic Recovery Financing Committee in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact the Committee no later than the day prior to the meeting at (916) 445-5332, and Telecommunication Device for the Deaf (TDD) services at (916) 324-6547.

Questions or requests for additional information prior to the Committee meeting may be referred to Madelynn McClain, California Department of Finance, 915 L Street, Sacramento, California 95814, telephone: (916) 445-5332. This meeting agenda is also available on the Department of Finance website at [www.dof.ca.gov](http://www.dof.ca.gov) and click on the tab marked Economic Recovery Financing Committee, and on the State Treasurer's website at <http://www.treasurer.ca.gov/meetings.htm>.

### **NOTICE – REQUEST FOR FUTURE MEETING NOTICES AND AGENDAS**

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