

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814

MINUTES

Wednesday, November 19, 2003

The meeting was called to order at 10:05 a.m.

Roll: Francisco Lujano for State Treasurer Philip Angelides
Cindy Aronberg for State Controller Steve Westly
Fred Klass for Director of Finance Donna Arduin

Staff Present: Barbara Lloyd, Executive Secretary, PMIB
Doug Spittler, State Treasurer's Office
Gina Greer, Attorney General's Office
Linda McAtee, State Treasurer's Office

APPROVAL OF MINUTES

The Minutes for the special meeting of October 3, 2003, and the regular meeting held on October 15, 2003, were both approved as submitted, 2-0, with the Department of Finance abstaining in each case.

APPROVAL OF PMIB DESIGNATION NO. 1653

Mr. Doug Spittler of the State Treasurer's Office presented the portfolio Summary Report as of November 18, 2003. On that day, the portfolio stood at \$53.498 billion. The effective yield was 1.557%, the quarter-to-date yield was 1.589% and the year-to-date yield was 1.622%. The average life of the portfolio was 198 days, while AB 55 Loans approved stood at \$5.123 billion with \$1.417 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$20.928 billion with 2,864 participants.

Designation No.1653 was approved, 3-0.

APPROVAL OF SURPLUS MONEY DECLARATIONS/REDUCTIONS

Mr. Doug Spittler presented the changes in the Surplus Money Investment Fund for the period October 1, 2003 through October 31, 2003. During that month \$8.197 billion was declared surplus in various special funds, while \$9.123 billion was declared to be a reduction in surplus.

The Surplus Money Declaration/Reduction for the month of October 2003 was approved, 3-0.

APPROVAL OF SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Doug Spittler presented two SMIF requests. The first request was from the California Public Employees' Retirement System for the Judges 1 Retirement Fund (Fund Number 0815). The second request was from the Department of Food and Agriculture for the Catfish Producers Assistance Account in the Special Deposit Fund (Fund Number 0942092). Mr. Spittler said that staff had reviewed both requests and recommended their approval.

The Board accepted the staff's recommendations and approved both requests, 3-0.

APPROVAL OF 2004 PMIB MEETING DATES

Mr. Spittler presented the proposed calendar of PMIB meeting dates for 2004. He noted that all meetings would fall on the third Wednesday of each month, which has been the tradition of the PMIB for many years.

The Pooled Money Investment Board proposed meeting dates for 2004 were approved as presented by staff, 3-0.

PRESENTATION OF THE STATE TREASURER'S OFFICE "INVESTMENT POLICY FOR THE POOLED MONEY INVESTMENT ACCOUNT"

Mr. Spittler presented the State Treasurer's *Investment Policy for the Pooled Money Investment Account* as approved by the Treasurer on November 5, 2003. Mr. Spittler indicated that the government code requires an annual review of the policy and a presentation to the Board following such review. He noted that the Investment Division staff had conducted its annual review of the policy and that no changes to the policy were made other than the date being changed on the cover and on the bottom of each page.

APPROVAL OF AB 55 LOANS

Mr. Chris Kooyman, of the Public Finance Division of the State Treasurer's Office, indicated that there were twenty-five loan requests on the agenda. He noted that loans a. through g. were for general obligation bond programs and that loans h. through y. were for revenue bond programs. Mr. Kooyman then stated that he would like to present the twenty-fifth loan (*Item y.*) first. This loan request from the Department of Corrections/SPWB Lease Revenue Bond program for the California State Prison – San Quentin, Condemned Inmate Complex for \$8,446,878.00 was deferred from the PMIB meeting on October 15, 2003, when the Board determined that more time was needed to review the project. Mr. Ernest Van Sant, Deputy Director of the Department of Corrections, was present to answer any questions that the Board had regarding this project. He spoke of the need and urgency to approve this loan and provided an in-depth handout to the Board members. The handout specifically detailed safety and security problems that could affect correction personnel at the prison as well as the public should there be

an escape. Ms. Cindy Aronberg requested that the Department of Corrections continue to work with Mr. Joe Nation. Mr. Van Sant indicated that they would.

A motion was made to approve *Item y.* and the loan was approved by the Board, 3-0.

Mr. Kooyman then continued his presentation of the remaining twenty-four loans. The first loan request presented (*Item a.*) was from California State University for the Public Education Facilities Bond Act of 1996 (Hi-Ed) for \$1,176,201.54. The second loan (*Item b.*) was from the Resources Agency for the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 for \$208,306,642.13. The third request (*Item c.*) was from the Water Resources Control Board on the behalf of the Department of Water Resources for the Safe, Clean, Reliable Water Supply Bond Act of 1996 for \$58,547,024.82. The fourth loan (*Item d.*) was from the Water Resources Control Board on the behalf of the Resources Agency for the Safe, Clean, Reliable Water Supply Bond Act of 1996 for \$100,000,000.00. The fifth loan request (*Item e.*) was from the University of California for the Public Education Facilities Bond Act of 2002 (Hi-Ed) for \$48,397,650.00. The sixth loan (*Item f.*) was from California Community Colleges for the Public Education Facilities Bond Act of 2002 (Hi-Ed) for \$29,104,921.24. The seventh loan (*Item g.*) was from the Resources Agency for the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 for \$569,300,000.00.

The eighth loan request presented (*Item h.*) was from the University of California/SPWB Lease Revenue Bond program for the Cal(IT)² Facility at UC Irvine for \$23,350,000.00. The ninth loan (*Item i.*) was from the Department of Forestry and Fire Protection/SPWB Lease Revenue Bond program for the Dew Drop Forest Fire Station for \$31,730.00. The tenth loan (*Item j.*) was from the Department of Forestry and Fire Protection/SPWB Lease Revenue Bond program for the Pacheco Forest Fire Station for \$32,000.00. The eleventh request (*Item k.*) was from the Department of Forestry and Fire Protection/SPWB Lease Revenue Bond program for the Owens Valley Conservation Camp for \$25,000.00. The twelfth loan (*Item l.*) was from the Department of Forestry and Fire Protection/SPWB Lease Revenue Bond program for the Hemet-Ryan Air Attack Base for \$34,000.00. The thirteenth loan (*Item m.*) was from the Department of Forestry and Fire Protection/SPWB Lease Revenue Bond program for the Manton Forest Fire Station for \$14,500.00. The fourteenth request (*Item n.*) was from the Department of Forestry and Fire Protection/SPWB Lease Revenue Bond program for the South Operations Area Headquarters for \$513,000.00.

The fifteenth loan (*Item o.*) was from the Department of General Services/SPWB Lease Revenue Bond program for the State Office Buildings #8 and #9 Renovation for \$8,077,520.00. The sixteenth loan (*Item p.*) was from the Department of General Services/SPWB Lease Revenue Bond program for the Bonderson Building Renovation for \$1,200,000.00. The seventeenth loan (*Item q.*) was from the Secretary of State/SPWB Energy Conservation Revenue Bond program for the Secretary of State Archives Building for \$1,166,934.00. The eighteenth loan (*Item r.*) was from the Department of Corrections/SPWB Energy Conservation Revenue Bond program for Avenal State Prison for \$7,668,722.00. The nineteenth loan (*Item s.*) was from the Department of Corrections/SPWB Energy Conservation Revenue Bond program for Chuckawalla Valley State

Prison for \$3,334,559.00. The twentieth loan (*Item t.*) was from the Department of Mental Health/SPWB Lease Revenue Bond program for the Sexually Violent Predator Facility for \$364,829,916.00. The twenty-first loan (*Item u.*) was from the Department of Mental Health/SPWB Lease Revenue Bond program for the Atascadero State Hospital, Multi-Purpose Building for \$13,140,000.00. The twenty-second loan (*Item v.*) was from the Department of Mental Health/SPWB Lease Revenue Bond program for the Patton State Hospital – Upgrade Electrical Generator Plant for \$168,000.00. The twenty-third loan (*Item w.*) was from the Department of Developmental Services/SPWB Lease Revenue Bond program for the Porterville Developmental Center – 96 Bed Forensic Residential Expansion for \$2,659,000.00. The twenty-fourth loan (*Item x.*) was from the Department of Developmental Services/SPWB Lease Revenue Bond program for the Porterville Developmental Center – Forensic Recreation and Activity Center for \$357,000.00. The twenty-fifth loan (*Item y.*) was presented and approved earlier.

Mr. Kooyman said that the impact on the Pool would be an increase in the portfolio loan balance of approximately \$462.6 million. He said that the remaining twenty-four loans were recommended as presented with the exception of item b., which was being recommended for approval contingent upon the approval of the Finance Committee following this meeting.

The remaining twenty-four loan requests (*Items a. through x.*) were approved as recommended by staff, 3-0.

Mr. Fred Klass then raised a question to the Board and to Mr. Kooyman about additional backup information being made available regarding the specific project (or projects) underlying any particular loan. Mr. Klass requested that departments and agencies be asked to provide additional information regarding the projects to be funded or, in the case of local assistance grants, the programs to be funded. Ms. Barbara Lloyd, Executive Secretary of the PMIB, sought clarification from staff as to the level of information presently available, and whether the details Mr. Klass mentioned would have to be requested as additional information or whether the information was already imbedded in the information received with the cash flow projections. Staff indicated that securing this information in the past has usually required making an additional request for information. Ms. Lloyd also sought clarification from Mr. Klass as to whether this information simply needed to be available with staff for reference at the board meeting or somehow included in the staff presentation or briefing on the matter. Mr. Klass indicated that the information would not have to be included in the presentation to the board, but he would like it to be included as backup information in the materials available to the board. Ms. Aronberg indicated that she frequently requests this information from staff prior to meetings and thus is also in favor of having this additional backup information included in the briefing reports. Ms. Lloyd indicated that she and staff would look into the matter, identify any issues or problems the request might raise, evaluate the best form for the information to take, and report back to the board.

PUBLIC COMMENT

None.

OTHER BUSINESS

In the absence of further business, the meeting was adjourned at 10:20 a.m.

Respectfully submitted

Barbara Lloyd
Executive Secretary