



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
CLAYTON SCHENCK

November 20, 2001

Carroll South
Executive Director
Montana Board of Investments
P.O. Box 200126
Helena, Mt 59601-0126

Dear Mr. South:

This memo contains Legislative Fiscal Division-developed questions for the staff of the Board of Investments regarding portfolios transferred from the Montana Board of Science and Technology Development. These questions were prepared based on legislative concerns regarding historical and projected data for these portfolios. Specifically noted were past requests for information providing an accounting for all moneys expended, loan or otherwise, by the Board of Science and Technology Development, and overall impacts upon the state, both direct and indirect. The board is asked to respond to the following request for information both in person at the December 7, 2001 meeting of the Legislative Finance Committee, and in writing before December 3, 2001.

1. 17-6-305 MCA requires the Board of Investments to "include a report on the investments made under [17-6-305] as a part of the information required by 17-7-111." Please provide the latest copy of this report.
2. Prior to July 1, 1999, 90-3-203 MCA required the Board of Investments to "submit to the governor by January 1 of each odd-numbered year, or when otherwise requested by the Governor, a report describing the [Montana Board of Science and Technology Development] programs and accomplishments." What reports and/or status updates, providing similar information, are currently presented to the Governor and/or legislature detailing the status and related results of MSTA-related loans?
3. What are the Board of Investment procedures for identifying and closing out loans in the following categories:
 - a) Negotiated as "paid" before the full amount is received (in good standing)?
 - b) Identified as "uncollectable" or in default (written off)?
4. In each case, what or who provides the authority (statutory, administrative, or other) to do so?
5. What are the fiscal status of and future outlook for the overall program, to include:
 - a) What is the return on investment for all loans made by the Montana Board of Science and Technology Development since its inception?
 - b) What is the overall amount of funds loaned and paybacks received to date for each separate source of funding?

- c) What is the current status of loan repayments as they are received by the Board of Investments? Specifically:
 - a. How much, if any, is used to pay Board of Investment administrative costs to administer Board of Science and Technology Development programs? And,
 - b. How much, if any, is deposited to the Coal Severance Tax permanent fund?
- d) What are the Board of Investment projections for overall impact on the Coal Severance Tax permanent fund and other state funds upon conclusion of all loan agreements entered into by the Montana Board of Science and Technology?
- e) What is the projected date for the conclusion of those loan agreements?
- f) For all loans made since the creation of the Board of Science and Technology Development, excluding the information in question d) above, what is the overall economic impact to the State of Montana and/or the programs involved, to include job created, jobs maintained, patents obtained, and any direct or indirect effects on per capita income and revenues to the people of Montana?

6. What is the current status of the venture capital companies approved by the Montana Board of Science and Technology Development? For each venture capital company, please identify the portion of the portfolio attributed to Montana-based and Montana-related investments, and specifics on each of those identified investments, to include jobs created or maintained and direct or indirect benefits to the people of Montana.

If you have any questions concerning this request, please contact me at (406) 444-2722, or by email at tyoungkin@mt.gov.

Respectfully,

Todd Younkin
Associate Fiscal Analyst