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Private Equity, Public Good

By Beth Sirull

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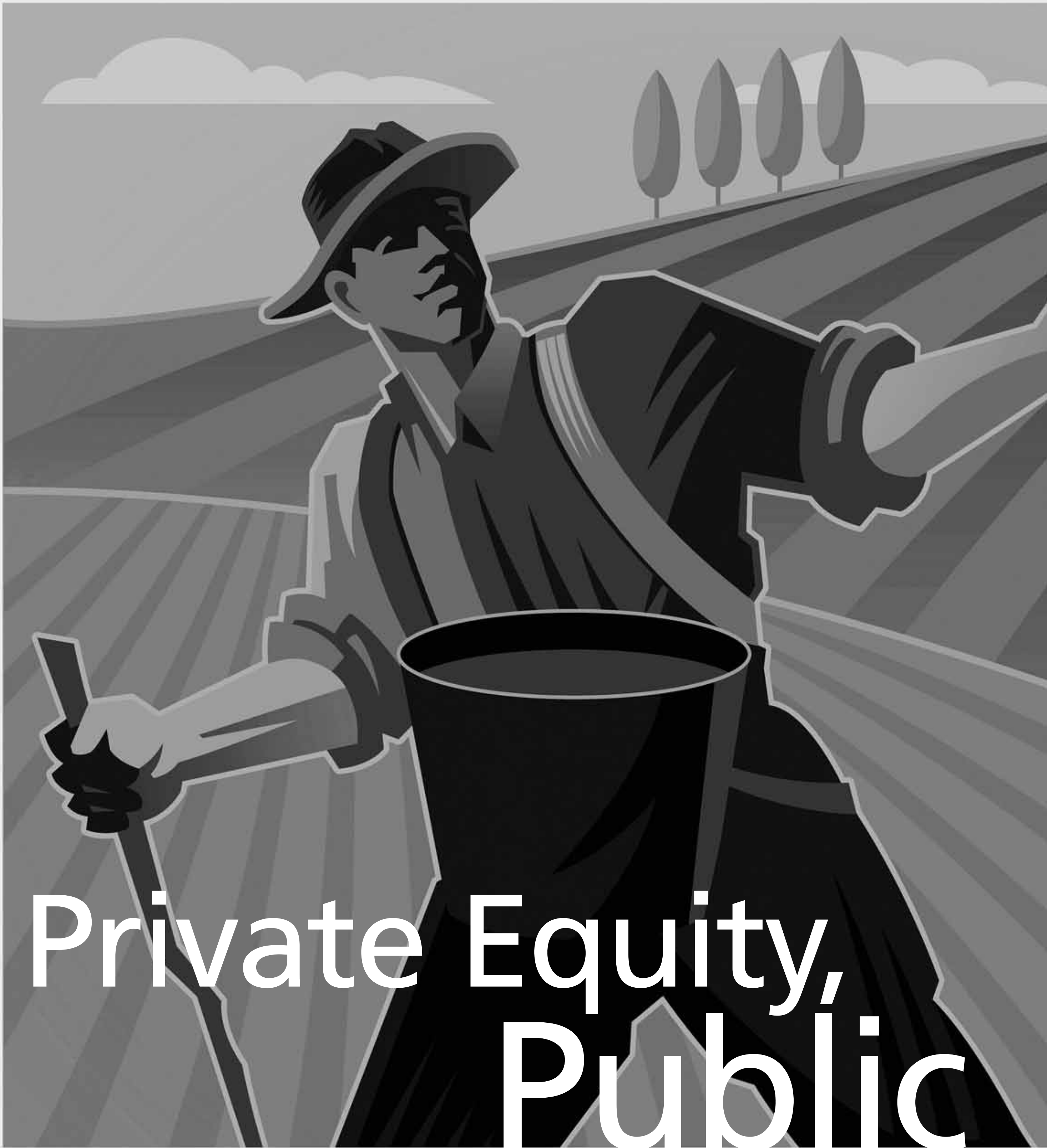

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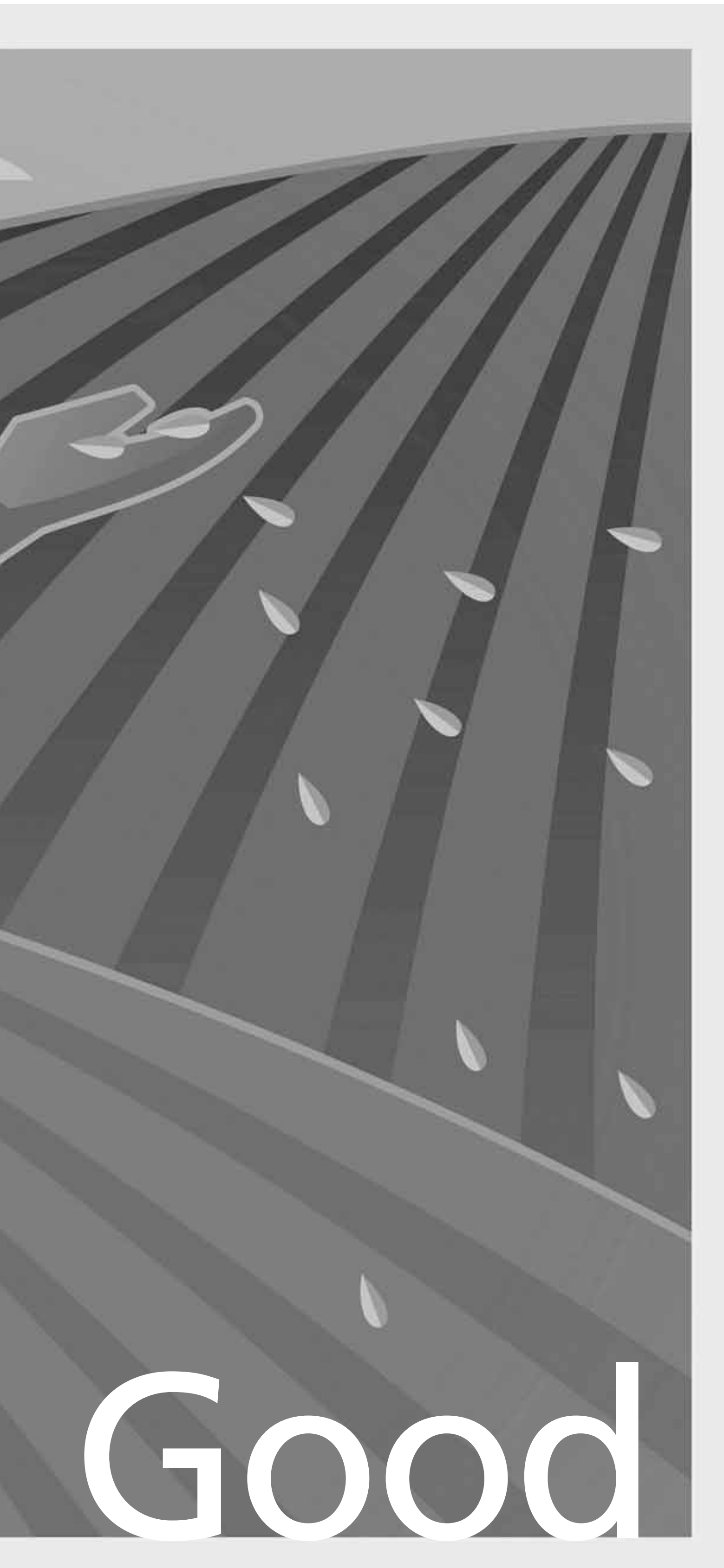

ILLUSTRATION BY MASTERFILE

Many businesses serving lower-income communities languish because they cannot raise enough money to fund their growth. To meet their needs, a new breed of private equity investment – *development investment capital* – has emerged. Not only does development investment capital fund growth and social benefits in lower-income communities, it also gives investors a competitive return on their investments. Although this style of investing is still in its infancy, it is already showing promise.

by BETH SIRULL

ON A SAN FRANCISCO AFTERNOON IN NOVEMber 2005, 41 nonmanagement employees – mostly cutters, sewers, and distribution workers making about $11 an hour – learned that they would share $1.2 million.

Had they won the lottery? No. These workers were about to hit it big because the company they worked for – Timbuk2 Designs, a San Francisco-based manufacturer of bicycle messenger bags – was being sold to VMG Equity Partners, and the workers had rights to a piece of the company.

Silicon Valley employees often share in the rewards when the companies they work for are sold, but lower-income manufacturing workers rarely enjoy such a windfall. Indeed, blue-collar workers are more likely than their white-collar counterparts to get wage cuts or even pink slips when their companies are bought. Timbuk2 workers, in contrast, benefited from the sale of their company because Pacific Community Ventures (PCV), an investor in Timbuk2, required that the workers receive a stake in the company.

San Francisco-based PCV is a new type of venture capital firm that pays attention to financial *and* social returns. Like any other venture capital firm, when PCV invested in Timbuk2, it received an equity stake in the messenger bag manufacturer. And, like other venture capitalists, PCV worked hard to make Timbuk2 a larger, more successful business. But unlike traditional venture capitalists, PCV used its ownership position to promote social returns as well. In addition to making sure that blue-collar workers got an ownership stake in the business, PCV required Timbuk2 to report on social outcomes such as the

number of people from lower-income communities it was employing and the employees' wages and benefits.

When Timbuk2 was sold, workers shared in the upside, with some getting twice their annual salary in a single check. PCV and its investors didn't do too badly, either. Just five years after investing money in Timbuk2, PCV realized a return of more than four times its initial investment.

Making sure that blue-collar workers receive stock in their companies is now standard practice in all PCV investments. For example, in 2006, when it invested in San Jose, Calif.-based Mercados Suvianda, the Hispanic grocery chain agreed to reserve an ownership stake for its more than 200 low-wage grocery workers – a rare opportunity for hourly supermarket employees to share in the wealth that they help create.

Forty-one blue-collar employees, such as the sewer above, received a $1.2 million payout when the company they worked for and held stakes in, Timbuk2, was sold.

PCV's investments in Timbuk2 and Mercados Suvianda are examples of what PCV calls *development investment capital*. These are investments in businesses that are located in lower-income communities or that give lower-income workers quality jobs, training, and benefits. Their goal is to stimulate economic development in lower-income communities while giving good financial returns to investors.

Development investment capital differs from other forms of community development financing because it isn't just a loan or a small equity stake in the company. Instead, the firm invests a significant amount of money in exchange for a major equity stake in the company. As a substantial owner, the development investment capital firm not only takes on more risk, but also significantly influences major business decisions. In addition, the firm has rights to a larger share of the returns if the company does well.

Development investment capital is in its infancy. The total amount invested is still measured in the hundreds of millions of dollars, not billions, and only a few investment firms are active in the field. (See related article on p. 56 for the names of six firms and the types of investments they have made.) Nevertheless, the financial and social returns so far are promising, and interest in the field is growing. The largest pension fund in the United States, the California Public Employees' Retirement System (CalPERS), recently targeted nearly $1 billion to be invested in businesses located in the state's underserved markets, with some of that money going to development investment capital. Directly and indirectly, CalPERS has already invested $20 million in PCV's development investment capital funds.

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The Low-Income Funding Gap

Traditional venture capital firms (VCs) invest money in young, high-potential businesses in return for a significant ownership stake in them. When companies are sold or go public, the VCs get their money back, and then some. If the companies fold or languish, the VCs lose their investment. Although many of the companies that venture capitalists invest in do not pay off, enough of them do that the overall returns are often quite good.

And venture capitalists do more than provide money. As part owners, VCs actively work to improve the companies in which they invest. For example, VCs might work with a company's CEO to find a great chief marketing officer who can handle a fast-growing company. Or VCs might introduce the firm to potential customers or help acquire the rights to a critical technology. This kind of intensive coaching and advising helps VCs ensure that they are going to get an attractive return on their investment. This level of influence comes when VCs are able to take a large, controlling ownership stake in the companies they support.

Most traditional venture capitalists invest in start-up companies located near their offices, which are usually in thriving urban areas such as Silicon Valley, Boston, New York, and San Diego. This makes it easier for the VCs to visit the companies and creates an entrepreneurial culture that increases the odds that the companies will succeed. They do not seek out and fund start-ups in, say, the hills of Appalachia or the barrios of East Los Angeles. Nearly half of all venture capital investments in California between 2000 and 2005 went to companies located in Santa Clara and San Mateo counties – the heart of Silicon Valley – even though these two counties contain just 7 percent of all Californians.[1]

Traditional venture capitalists also target businesses in emerging high-tech markets like software, biotechnology, and green technology, where the potential for large financial gains is greatest. These same venture capital firms do not typically invest in small manufacturing or service firms, which employ lots of lower-income workers, because the potentials

PHOTOGRAPH COURTESY OF PACIFIC COMMUNITY VENTURES

> America's largest pension fund recently targeted nearly $1 billion to be invested in businesses located in California's underserved markets.

for rapid growth and big payouts are lower. In the first quarter of 2007 for example, biotechnology, software, and medical device companies received more than half of all venture capital invested. In contrast, businesses that focus on consumer products and services, or businesses that run retail stores or warehouse distribution, received just 5 percent of all venture capital committed.[2]

These venture capitalists generally do not consider social benefits when investing in companies. As it happens, venture-backed companies have produced considerable social benefits, adding nearly 800,000 jobs to the U.S. economy between 2003 and 2005.[3] Nevertheless, because traditional venture capitalists focus on technology businesses, most of the jobs created are for high-paid knowledge workers who live in major metropolitan areas, not for lower-income workers who live in rural areas or the inner city.

Small manufacturing and service firms, however, provide numerous benefits to the lower-income communities where they are based or from which they hire. In California in 2005, employment at companies with fewer than 100 employees grew by more than 5 percent whereas employment at companies with 100 or more employees grew by less than 1 percent.[4] Small businesses are creating the most jobs. But not all jobs are created equal.

The goal of development investment capital is to support small businesses that are providing high-quality jobs in disadvantaged communities. Jobs that pay living wages, offer health benefits, and build workers' skills and assets are a critical step on the path out of poverty. By investing in small businesses in lower-income areas, development investment capital can spur economic growth, reduce poverty, and ultimately help transform these communities.

A New Breed of Investor

Trying to stimulate economic development by supporting businesses in low-income communities is not a new idea. Community development financial institutions (CDFIs), such as the New Hampshire Community Loan Fund in Concord, N.H., the Montana Community Development Corporation in Missoula, Mont., Southeast Community Capital in Nashville, and TELACU Community Capital in Los Angeles, have been doing this for some time. These groups typically give loans to small businesses and occasionally take small equity stakes.

But CDFIs are fairly cautious in their investments, and as a result they don't provide much money to businesses that are in a position to take risks and grow rapidly. To fill this gap, a new type of community investor has arisen that acts more like a venture capitalist. These development investment capital firms invest more money and take significant equity stakes in the companies, putting them in a better position to help those compa-

Where Are the Investors? by BRAD M. BARBER

If investing in brick-and-mortar businesses in lower-income communities is such a great opportunity, why aren't investors already flocking to development investment capital funds? One answer is that people don't always make the best decisions about where to invest their money. Indeed, evidence from behavioral finance research suggests that investors aren't even that great at investing in the most prototypical market of all: the stock market. In the stock market, millions of investors compete with each other, investors can enter the market with small investments and light trading costs, and everyone is encouraged to play. As a result, the stock market as a whole is pretty efficient, meaning that stock prices accurately reflect all the information about their value.

Yet even in this relatively straightforward market, investors often make less than optimal choices. Take, for example, the "glamour effect" in stocks. In a landmark 1992 article in the *Journal of Finance*, Gene Fama from the University of Chicago and Ken French from Dartmouth College documented that many glamour stocks, such as Google in 2007, earn poor returns, whereas many out-of-favor stocks, such as Ford in 2007, earn strong returns. And the difference in returns is large – averaging 5.2 percentage points per year from 1927 to 2006.

One interpretation of these results is that investors overvalue glamour stocks and overlook out-of-favor stocks. Another interpretation, favored by Fama and French, is that out-of-favor stocks are actually riskier than glamour stocks, and so people who invest in out-of-favor stocks earn a rational return for taking a greater risk. Regardless of the interpretation, small brick-and-mortar businesses in economically disadvantaged areas are pretty much the opposite of glamorous investments, which helps explain why investors aren't rushing to put their money in development investment capital funds.

Though there are no research studies on this emerging field of investment, it's reasonable to say that one should not assume that investment development capital funds are a bad investment simply because investment dollars are not flooding the coffers of these firms. To the contrary, out-of-favor investments sometimes provide greater financial returns than those that are in favor.

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Development Investment Capital Funds

NAME: Boston Community Capital
LOCATION: Boston
MONEY UNDER MANAGEMENT: $21 million through its subsidiary Boston Community Venture Fund
EXAMPLES OF INVESTMENTS: CASTion, Worcester, Mass., manufactures wastewater treatment systems; Foreside Company, Gorham, Maine, imports gifts and home accessories from India, China, and Indonesia; and SelecTech, Avon, Mass., manufactures floor tiles, planters, and landscape timbers from recycled plastic.

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NAME: Bridges Community Ventures Ltd.
LOCATION: London
MONEY UNDER MANAGEMENT: $80 million in first fund; in process of raising second fund
EXAMPLES OF INVESTMENTS: Harlands Labels, Hull, England, commercial label printer; Office Group, London, acquires and manages office space in low-income communities; and Bison Bede, Consett, England, manufactures bath-lifts and chair-lifts for the home.

NAME: Coastal Enterprises Inc.
LOCATION: Wiscasset, Maine
MONEY UNDER MANAGEMENT: operates two subsidiaries – CEI Ventures Inc., which manages two funds totaling $25.5 million; and CEI Community Ventures, which manages $10 million
EXAMPLES OF INVESTMENTS: Main Trailer, Bangor, Maine, supplies parts and services for truckers; Rustic Crust Company, Pittsfield, N.H., makes crusts and flatbread pizza; and Juno Rising, Burlington, Vt., manufactures and sells outdoor women's clothing.

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NAME: Kentucky Highlands Investment Corp.
LOCATION: London, Ky.
MONEY UNDER MANAGEMENT: $40 million in its own fund; and $12.5 million in a co-managed fund, the Southern Appalachia Fund
EXAMPLES OF INVESTMENTS: Eonstreams, Knoxville, Tenn., provides Internet advertising and streaming; Smart Furniture, Chattanooga, Tenn., manufactures modular shelves; Tricycle, Chattanooga, helps carpet manufacturers become greener.

NAME: Pacific Community Ventures
LOCATION: San Francisco
MONEY UNDER MANAGEMENT: through its subsidiary, operates three funds: PCV Fund I with $6.3 million; PCV Fund II with $13.7 million; and PCV Fund III, targeted at $40 million.
EXAMPLES OF INVESTMENTS: Evergreen Lodge, Groveland, Calif., operates a lodge near Yosemite National Park; Mercados Suvianda, San Jose, Calif., operates Hispanic grocery stores; and New Vine Logistics, Oakland, Calif., provides fulfillment services for specialty consumer-direct shipping.

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NAME: SJF Ventures
LOCATION: Durham, N.C., and New York City
MONEY UNDER MANAGEMENT: $45 million
EXAMPLES OF INVESTMENTS: Salvage Direct, Titusville, Pa., operates online auction of salvaged vehicles; Ryla Teleservices, Kennesaw, Ga., provides customer contact solutions for large organizations; and Sun & Earth, Norristown, Pa., produces nontoxic, all-natural home cleaning products.

SOURCES: Each organization's Web site.

nies grow and generate greater financial returns for their investors. Unlike traditional CDFIs, development investment capital firms must try to generate market-rate returns to compensate for the additional risks they take. Like venture capitalists, development investment capital firms raise the money they invest from large institutional investors such as banks, foundations, and pension funds, which expect market-rate returns. Unlike VCs, however, development investment capital firms pursue social benefits alongside their financial returns.

Although development investment capital firms share some characteristics with each other, they do not necessarily invest in the same kinds of businesses. PCV, for example, looks for small and midsized manufacturing, service, and retailing businesses in California that provide jobs for lower-income workers and have the potential to grow or be acquired. The firm targets proven businesses with between $5 million and $40 million in revenue and that need equity capital to grow. PCV generally does not invest in high-tech firms even if they are located in lower-income California communities, because these firms tend not to employ lower-income workers and can more easily tap traditional venture capital investors.

The Kentucky Highlands Investment Corporation in London, Ky., on the other hand, does invest in high-tech firms – in addition to firms in other industries – located in lower-income Kentucky communities, even though they do not employ many lower-income workers. That's because these firms have a tough time getting the attention of traditional venture capitalists, who generally do not travel outside of their usual haunts on the East and West coasts. If these high-tech businesses take off, the economic benefits will ripple to the rest of the people living in these communities.

To date, development investment capital remains a small niche. According to the Social Investment Forum, all forms of private equity investment focused on underserved markets total $870 million – just over 0.5 percent of the $170 billion under management by private equity firms.

And the number of businesses helped by development investment capital is also small. According to Venture Economics, 18,685 U.S. companies received venture capital investments between 2000 and 2005. We estimate that fewer than 250 of these companies received development investment capital.

A Close Look at PCV

PCV, founded in 1998, is one of the pioneers of development investment capital. Other firms using the development investment capital model include SJF Ventures, with offices in Durham, N.C., and New York City; Coastal Enterprises Inc.'s Community Ventures fund, which focuses on economic development in Maine, Vermont, and New Hampshire; and Boston Community Capital's Boston Community Venture Fund.

PCV is one of the larger firms in the development investment capital market, but it is relatively small when compared to stalwart venture capital firms like Kleiner Perkins Caufield & Byers, a 30-year-old firm that has billions under management and has invested in 475 start-ups, including Google, Amazon, and Intuit. PCV, in contrast, has invested in just 17 businesses. Its first two funds, raised in 2000 and 2002, totaled $20 million. PCV is now raising its third investment fund, whose targeted amount is $40 million to $45 million. Other development investment capital firms raise funds of similar amounts. SJF Ventures manages $45 million, Coastal manages $35 million, and the Boston Community Venture Fund manages more than $20 million.

PCV takes an active role in the companies it finances. As a substantial investor in Timbuk2, PCV drew on its network to build a high-powered board of directors and to recruit a new CEO. PCV was also instrumental in helping Timbuk2 develop new management systems and launch its e-commerce capability, which were both critical to Timbuk2's growth. And when PCV invested in Evergreen Lodge, a destination hotel just outside of Yosemite National Park, it brought in real estate development and marketing expertise to help the company expand its capacity and relaunch its brand. Since PCV's investment, Evergreen Lodge has increased its revenues eightfold and is generating healthy profits.

PCV has sold three businesses in which it invested: Timbuk2; RadioVisa, a Spanish-language radio station based in Sherman Oaks, Calif.; and Beacon Fire and Safety, a fire safety equipment and services company based in San Jose. All three investments yielded both financial and social returns. When PCV sold Beacon to Cintas in 2006, the company employed 90 workers who were residents of lower-income communities. More than 80 percent of these workers were eligible for health insurance coverage and 401(k) accounts with company matching funds. Many Beacon employees have also seen wages rise and benefits grow since the sale. Beacon's performance is on track to give investors an annualized rate of return of more than 20 percent.[5]

The social returns on PCV's investments are also good. In 2006, PCV-financed businesses employed 531 workers who earned an average of $13.56 per hour – higher than the living wage in the four principal geographic areas where they worked: Los Angeles, San Diego, the San Francisco Bay Area, and California's Central Valley. All of these firms offered healthcare benefits to management and nonmanagement employees, in contrast with only 61 percent of U.S. firms and 71 percent of California firms that offer healthcare coverage.[6] Further, all PCV firms paid at least 50 percent of employee healthcare premiums and half paid at least 70 percent. Ninety-six percent of PCV firms offered paid vacation to their lower-income employees, 60 percent offered paid sick leave, and 46 percent offered 401(k)s, IRAs, or other wealth-building programs, with the majority of firms offering to match employee retirement contributions as well.

Doing Good and Doing Well

PCV and other development investment capital firms are building a track record of achieving both financial and social returns. But it is not an easy path, and a number of hurdles remain. The first challenge is convincing large institutional investors to put money into development investment capital funds. These investors tend to perceive investments in companies in lower-income communities as riskier than they actually are, and thus are unwilling to make them. Moreover, development investment capital funds are small and relatively unknown, and so the due diligence process that institutional investors must perform involves additional scrutiny. As a result, development investment capital funds face a drawn-out and costly fundraising process. For example, it has taken PCV more than two years to raise its third fund. These obstacles have generally kept development investment capital funds small – under $30 million – compared to a typical private equity fund of $180 million.[7]

In the long term, funds with less than $30 million under management are unlikely to be sustainable. The limited management fees generated by small funds make it more difficult to attract and retain a team of strong investment professionals. Further, small funds are often excluded from participating in many high-quality deals because of the large size of the investment required. Making these larger investments would force small funds to put too much of their money into one company, which they cannot responsibly do. (Most funds have a restriction against putting more than 10 percent of their capital into one investment.)

Raising larger funds allows development investment capital firms to develop a more diverse portfolio of investments, to invest more money in each deal, and to guide each portfolio business to the most profitable outcome. Because these funds are relatively new, they will need several years to mature and to demonstrate that development investment capital firms can pro-

> By investing in small businesses in lower-income areas, development investment capital can spur economic growth, reduce poverty, and ultimately help transform these communities.

vide both competitive returns and social benefits over extended periods of time.

Even with larger investment funds, finding and attracting good investments presents another challenge. Just as venture capitalists do not look for deals in underserved areas, most business owners in these areas do not look for venture capital to help their businesses grow. PCV helps bridge this gap by providing services to companies that are not yet ready for venture capital investment. These services include management assistance, mentoring, access to business networks, specialized expertise, and strategic advice to help businesses grow to the point where venture investment is possible.

Measuring social benefits is also difficult. Financial return metrics have been around for a century. The idea of a social return on investment is a relatively new concept, and standard metrics are just beginning to emerge. Yet if companies and organizations do not measure social returns well, they may be tempted to cherry-pick data so that they look good (e.g., saying, "We provide healthcare insurance to employees," without quantifying who is actually eligible, how good the benefits are, how much the employee has to pay, etc.).

Karl Stauber, who recently left his position as president of the Northwest Area Foundation (NWAF), which invests in a development investment capital fund, was committed to measuring both the financial and social returns from NWAF's investments. "The biggest barrier to doing more of this type of investing is data – data that show both financial and social returns," he says. "We have to demonstrate market-rate financial returns first, and then significant social returns second, but we have to show both with an equal level of rigor. If early innovators don't have the data to show what they've done, it will all be for naught. That's why we're measuring the social return on our investment."

Changing Government Policy

To advance the field of development investment capital, more investors must come to the market. One way to draw them is to change government policy to make investing in development investment capital funds more attractive to institutional investors. This type of action is not without precedent. Two of today's widely recognized classes of investments – venture capital and mortgage-backed securities – were nonexistent or niche categories as recently as the 1970s. In both instances, government policy changes helped make these investments mainstream.

Before 1979, for example, the Employee Retirement Income Security Act (ERISA) prohibited pension funds from investing in venture capital. Because of this, the total amount raised by venture capital funds rarely exceeded $200 million a year. In 1979, ERISA was amended to permit pension funds to invest in venture capital, and annual commitments skyrocketed.

By 1983, new commitments to venture capital funds approached $5 billion annually and remained near that level for most of the decade.[8] Today, venture capital is the primary source of investment in early stage information technology and biotechnology firms, and it is fast becoming a principal source of investment in green technologies like ethanol and solar cells. Major new companies in these industries now employ hundreds of thousands of people.

Mortgage-backed securities, now a $6.6 trillion industry, are another kind of investment that benefited from government intervention.[9] Before 1968, home mortgages were mostly held by the banks or savings and loans that lent money directly to homeowners. Because of this, investors were not able to invest in home mortgages, banks were stuck holding loans, and interest rates and the amount of money available to lend varied widely from one part of the country to another. In 1968, Congress established the Government National Mortgage Association (GNMA, or "Ginnie Mae"), which acted as an intermediary to help lenders pool their loans into the new mortgage-backed securities. GNMA guaranteed the new securities, which could then be sold to other investors. Creating a global market for home loans attracted more investors and helped reduce and standardize interest rates.

In a similar way, several changes in government policy would stimulate investment in development investment capital funds. The first of these involves changes in public pension laws and practices. Within the constraints of their financial responsibility to retirees, public pension funds should be required to consider ways to invest in lower-income communities. In some geographic areas, regulations prohibit pension fund managers from considering anything other than financial returns when making investment decisions.

Although financial returns should be a primary concern, regulations must be changed to allow social returns to be considered as well. Ultimately, changing these regulations will benefit retirees and state and local economies. One way to stimulate change would be for legislators, governors, mayors, treasurers, and other civic leaders to encourage public pension funds to invest in development investment capital.

When Phil Angelides was California state treasurer, he called upon the state's major public pension funds, CalPERS and CalSTRS (the California State Teachers' Retirement System), to "invest in California's communities in a way that achieves the 'double bottom line'" – by which he meant both strong financial returns and increased benefits for the state.[10] In part as a result of his efforts, CalPERS established the California Initiative, a $475 million program to channel investment to small businesses in California's underserved communities. "This private equity program is still relatively young, so we anticipate even more significant performance as our investments mature in the coming years," said Charles Valdes, chair

Pacific Community Ventures' investments in low-tech companies like Beacon Fire and Safety (left) and Niman Ranch (below left) have created well-paid jobs with good benefits for people in lower-income communities.

PHOTOGRAPHS COURTESY OF PACIFIC COMMUNITY VENTURES

of CalPERS's Investment Committee in February 2006. "So far, the results indicate that our investments in underserved markets are generating promising returns and giving an economic boost to disadvantaged areas in California."[11] In 2006, CalPERS committed an additional $500 million to the California Initiative.

To help kick-start the industry, policymakers also need to create financial incentives that attract investors to development investment capital. Just as policymakers created the Low-Income Housing Tax Credit to encourage corporations and wealthy individuals to invest in building affordable housing, policymakers should revise the New Markets Tax Credit (NMTC) to encourage these same investors to invest in businesses in low-income communities. Current NMTC regulations require investors to hold their investment for at least 10 years, making this tax credit useful to real estate investors, but unsuitable for development investment capital investors, which need the flexibility to exit their investments in companies before 10 years are up (as PCV did when it sold its stake in Timbuk2 after just five years). Similarly, Community Reinvestment Act (CRA) regulations currently favor investments in real estate over investments in small business. The CRA should be revised to require investment in small businesses in poor areas.

Although PCV and other development investment capital firms have helped the companies they advise and invest in, there are thousands of other businesses in underserved markets across the country that could grow more rapidly and transform the economic climate in their local communities. Policymakers, pension funds, financial institutions, investors, foundation executives, and business leaders can work together to bring more money and expertise to these underserved communities. If that occurs, the almost one-of-a-kind Timbuk2/PCV deal of today can become commonplace tomorrow – and more investors can enjoy market-rate returns while more workers can have afternoons like the one at Timbuk2. □

1 Venture Economics and National Venture Capital Association.
2 Investments by Industry/Q1 2007 at PWCmoneytree.com.
3 Global Insight and the National Venture Capital Association. "Venture Impact: The Economic Importance of Venture Capital-Backed Companies to the U.S. Economy" (2007): 14.
4 State of California Employment Development Department, Labor Market Information Division.
5 This annualized rate of return is formally calculated as a gross internal rate of return, which is defined as the discount rate that makes an investment, project, or business opportunity have a Net Present Value (NPV) equal to zero.
6 California Healthcare Foundation. "California Employer Health Benefits Survey, 2006."
7 Telis Demos. "Private Equity: Remember the Little Guys." *Fortune*, 12 April 2007.
8 Paul A. Gompers. "A Note on the Venture Capital Industry." Boston: President and Fellows of Harvard College, 1994 (revised 12 July 2001): 7-8.
9 Statement of Cameron L. Cowan, partner, Orrick, Herrington, & Sutcliffe, LLP, on behalf of the American Securitization Forum, before the subcommittees on Housing and Community Opportunity and Financial Institutions and Consumer Credit, United States House of Representatives, 5 November 2003.
10 Speech given by Phil Angelides at the 9th Annual California Policy Issues Conference, November 2001.
11 CalPERS press release, 14 February 2006.