

**LOCAL INVESTMENT ADVISORY BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814**

**Minutes
May 13, 2009**

Patricia Wynne, Deputy Treasurer chairing for State Treasurer Bill Lockyer called the Local Investment Advisory Board (LIAB) meeting to order at 1:30 p.m. on Wednesday, May 13, 2009.

AGENDA ITEM 1: Roll Call

Present: Patricia Wynne for State Treasurer Bill Lockyer
Russ Branson, LIAB member
Martin Krieger, LIAB member
Beth Renge, LIAB member
Leslie Wells, LIAB member

Staff: Christine Solich, Assistant Director of Investments
Pam Milliron, LAIF Administrator
Marian Yee, Investment Manager
Diann Theis, Treasury Program Officer
Tranice Rainey, Staff Services Analyst

The Chair declared a quorum at 1:32 p.m.

AGENDA ITEM 2.A: Approval of the October 21, 2008, Minutes

The Minutes for the October 21, 2008, meeting were approved as submitted with a motion by Mr. Wells and seconded by Mr. Branson. The motion passed unanimously.

AGENDA ITEM NO. 3.A: Evaluation of the 2008 Annual LAIF Conference

Pam Milliron presented the overview of the 2008 Annual LAIF Conference.

AGENDA ITEM NO. 3.B: Planning the 2009 Annual LAIF Conference

Pam Milliron reported on the planning of the 2009 Annual LAIF Conference. It will be held at the Sacramento Convention Center on Wednesday, October 21, 2009, from

9:00 a.m. to 3:45 p.m. The post conference tour will be held Thursday, October 22, 2009, at 7:00 a.m. at the State Treasurer's Office. Staff is in the process of making arrangements for the conference. The investment staff will give an overview of LAIF operations and PMIA goals and objectives. Treasurer Lockyer will be the luncheon's keynote speaker and Maryann O'Malley has been invited from the Legislative Analyst's Office to present an update on the State's budget and its impact on local governments.

Ms. Milliron asked the board members if there were any topics or issues they would like to see at this year's conference.

Suggestions included banking industry issues, conservatorship of Freddie Mac and Fannie Mae and LAIF rate calculations.

AGENDA ITEM 4: Overview of LAIF Operations and PMIA Performance

PMIA Performance

Christine Solich reported:

- PMIA was \$55.2 billion dollars.
- LAIF was \$25.3 billion dollars.
- The daily rate was 1.55%.
- The quarter to date was 1.59%.
- The year to date was 2.32%.
- The average life of the portfolio was 185 days.

Ms. Solich reported that the portfolio yield has been moving down and the quarterly rate dropped 30 basis points in the first six weeks of the current quarter. However LAIF deposits have remained strong at over \$25.3 billion dollars. Recent investment activity was earning under 50 basis points. Ms Solich reported that Dan Dowell had attended the Government Investment Officers Association Conference in March and the Mother Lode County Treasurer's Division meeting which had 12 County Treasurers in attendance.

LAIF Operations

Pam Milliron reported:

- The quarterly apportionment rate for December 31, 2008, was 2.54% with administrative costs of .33% of earnings.
- The quarterly apportionment rate for March 31, 2009, was 1.91% with administrative costs of .40% of earnings.
- As of April 30, 2009, there were 2,718 participants in LAIF. This total includes 1,787 Special Districts, 54 Counties, 474 Cities, 237 Trustee accounts and 166 bond accounts.
- LAIF was approximately 41% of the total PMIA with a current balance of \$25,324,274,771.96.

Pam Milliron welcomed Marian Yee as the new Treasury Program Manager for LAIF.

AGENDA ITEM 5: Public Comment

None

AGENDA ITEM 6: Other Business

Mr. Krieger- Stated that it has been a long time since the cap has been raised on LAIF accounts and asked if it could be raised at this time.

Ms. Milliron- Stated that the same question has been raised several times this year. The limit was raised from \$30 million to \$40 million in January, 2002. She indicated that 8 percent of the total participants have equal to or greater than \$35 million dollars in their account.

Ms. Wynne- Asked if this should be an agenda item at the next meeting and requested an analysis of the effect it would have on the workload for the LAIF staff.

Mr. Wells- Recommended this be an agenda item so research could be conducted.

AGENDA ITEM 7: Adjournment

There being no further business; the meeting was adjourned at 2:10 p.m.