

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

MINUTES

Wednesday, October 18, 2006

The meeting was called to order at 10:00 a.m.

Roll: Francisco Lujano for State Treasurer Philip Angelides
Cindy Aronberg for State Controller Steve Westly
Anne Sheehan for Director of Finance Michael C. Genest

Staff Present: Laurie Weir, Executive Secretary, PMIB
Bill Dowell, State Treasurer's Office
Connie LeLouis, Attorney General's Office
Mark Paxson, State Treasurer's Office

APPROVAL OF MINUTES

The Minutes for the meeting of September 20, 2006, were approved as submitted, 3-0.

APPROVAL OF PMIB DESIGNATION NO. 1688

Mr. Bill Dowell of the State Treasurer's Office presented the portfolio Summary Report as of September 30, 2006. On that day, the portfolio stood at \$58.378 billion. The effective yield was 5.090%, the quarter-to-date yield was 4.937% and the year-to-date yield was 4.937%. The average life of the portfolio was 160 days and AB 55 Loans approved stood at \$8.109 billion, with \$3.010 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$15.068 billion with 2,622 participants.

Mr. Andre Rivera of the Cash Management Division of the State Treasurer's Office presented a summary of the Forecast of Changes in Portfolio for the Pooled Money Investment Account for the period October 16, 2006 through December 22, 2006. He stated that over the ten-week period of the forecast there would be an increase in the portfolio of \$4.459 billion due to receipts exceeding disbursements. Mr. Rivera continued by highlighting several of the key receipts. He noted that Sales, Liquor, and Utility Surcharge were expected to total \$9.531 billion and Motor Vehicle Fuel Taxes were expected to total \$610 million. Personal Income and Bank & Corporation Taxes were expected to total \$10.728 billion, while the Insurance Gross Premium Taxes were anticipated at \$496 million. Proceeds from the Sale of State Bonds were estimated at \$1.695 billion. For this ten-week period, \$42.679 billion is anticipated in receipts.

Ms. Sue Griffith of the State Controller's Office presented the Estimated Pooled Money Disbursements for the forecast period and highlighted several major disbursements. Public Schools and Community Colleges were expected to total \$8.930 billion. Social Services were estimated at \$2.733 billion and Health Care Services at \$4.390 billion. Local Sales Tax Apportionment was estimated at \$2.676 billion and the Payroll Revolving fund was anticipated to be \$3.036 billion.

Ms. Griffith said disbursements for the 10-week period were estimated to total \$38.973 billion.

Designation No. 1688 was approved, 3-0.

APPROVAL OF AUTHORIZATION FOR GENERAL FUND INTERNAL BORROWING:

Mr. Dowell presented this item that authorizes the General Fund to borrow from internal sources to meet its cash needs during periods of shortfall. The authorization presented was for the period November 1, 2006 through January 31, 2007. He noted that the amount available from various internal funds is estimated to be \$14.862 billion

The Authorization for General Fund Internal Borrowing for the period November 1, 2006 through January 31, 2007 was approved, 3-0.

APPROVAL OF SURPLUS MONEY DECLARATION/REDUCTION

Mr. Dowell presented the changes in the Surplus Money Investment Fund for the period September 1, 2006 through September 30, 2006. During that month \$8,074,713,000.00 was declared surplus in various special funds, while \$8,740,016,500.00 was declared to be a reduction in surplus.

The Surplus Money Declaration/Reduction for the month of September, 2006 was approved, 3-0.

APPROVAL OF SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Dowell presented two requests for this month:

California Public Employees' Retirement System
Special Deposit Fund
Federal Medicare Part D Retiree Drug Subsidy
(Fund Number 0942180)

Public Utilities Commission
Public Utilities Commission Ratepayer Advocate Account
(Fund Number 3089)

Mr. Dowell said staff from the State Controller's Office and the State Treasurer's Office had reviewed both requests and recommended approval.

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

INVESTMENT POLICY – INFORMATION ITEM

Mr. Dowell presented the Treasurer's Investment Policy for the PMIA and explained that it is brought before the PMIB annually. He pointed out that there were no changes in the Policy this year and that the goals of safety, liquidity and yield remained the same. He offered to respond to any questions or comments and there were none.

APPROVAL OF AB 55 LOANS

Mr. Tim Aguirre of the Public Finance Division of the State Treasurer's Office presented eighteen loan requests as shown in the following table. He noted the first seven loans (Items 8.a. – 8.g.) were for general obligation programs, that Item 8.h. was for the CalHFA revenue bond program and that the remaining eleven loans (Items 8.i. and 8.k –8.t.) were for lease revenue programs. (Item 8.j. was withdrawn at the request of the agency.)

Agenda Item	Loan Number	Type	Department/Program	Adjusted Loan Amount
8.a.	0670065	GO/Renewal	California State University Kindergarten-University Public Education Facilities Bond Act of 2002 (Hi-Ed)	\$98,140,000.00
8.b.	0670066	GO/Renewal	Department of General Services Earthquake Safety and Public Buildings Rehabilitation Bond Act of 1990	\$14,105,550.00
8.c.	0670067	GO/Renewal	California Transportation Commission Clean Air and Transportation Improvement Act of 1990	\$2,847,386.00
8.d.	0670068	GO/Renewal	Resources Agency Safe Drinking Water, clean Water, Watershed Protection and Flood Protection Bond Act of 2000	\$10,958,152.00
8.e.	0670069	GO/Renewal	Housing and Community Development Housing and Emergency Shelter Trust Fund Act of 2002 (Tax-Exempt)	\$26,218,050.00
8.f.	0670070	GO/Renewal	Housing and Community Development Housing and Emergency Shelter Trust Fund Act of 2002 (Taxable)	\$1,102,333,899.00
8.g.	0670071	GO/Renewal	Water Resources Control Board Water Conservation and Water Quality Bond Law of 1986	\$5,297,018.00

APPROVAL OF AB 55 LOANS (Continued)

Agenda Item	Loan Number	Type	Department/Program	Adjusted Loan Amount
8.h.	0670034	REV/Renewal	California Housing Finance Agency CalHFA Revenue Bond Program Loan Warehousing Program (Revolving)	\$350,000,000.00
8.i.	0670072	REV/Renewal	University of California SPWB Lease Revenue Bond Program Irvine Campus-Natural Sciences Unit 2, McGaugh Hall	\$13,678,000.00
8.j.	Request Withdrawn		Department of Corrections and Rehabilitation	- 0 -
8.k.	0670074	REV/Renewal	Department of Corrections and Rehabilitation SPWB Lease Revenue Bond Program Salinas Valley State Prison: 64-Bed Mental Health Facility	\$11,269,111.00
8.l.	0670075	REV/Renewal	Department of Corrections and Rehabilitation SPWB Lease Revenue Bond Program California Correctional Institution: Wastewater Treatment Plant Renovation	\$7,456,734.00
8.m.	0670076	REV/Renewal	Department of Education SPWB Lease Revenue Bond Program School for the Deaf, Riverside: Career and Technical Education Complex and Service Yard	\$1,676,000.00
8.n.	0670077	REV/Renewal	Department of General Services SPWB Lease Revenue Bond Program Library and Courts Building Renovation	\$5,395,000.00
8.o.	0670078	REV/Renewal	California Conservation Corps SPWB Lease Revenue Bond Program Delta Service District Center	\$1,533,300.00
8.p.	0670079	REV/New	Department of Corrections and Rehabilitation SPWB Lease Revenue Bond Program Chuckawalla Valley State Prison: Heating, Ventilation, and Air Conditioning System	\$16,145,000.00
8.q.	0670080	REV/New	Department of Education SPWB Lease Revenue Bond Program School for the Deaf, Riverside: New Gymnasium and Pool Center	\$1,250,000.00
8.r.	0670081	REV/New	Department of Education SPWB Lease Revenue Bond Program School for the Deaf, Riverside: Kitchen and Dining Hall Renovation	\$850,000.00

APPROVAL OF AB 55 LOANS (Continued)

Agenda Item	Loan Number	Type	Department/Program	Adjusted Loan Amount
8.s.	0670082	REV/New	Department of Developmental Services SPWB Lease Revenue Bond Program Porterville Developmental Center – New Main Kitchen and Renovate Satellite Kitchens and Dining Rooms	\$1,495,000.00
8.t.	0670083	REV/New	Department of Developmental Services SPWB Lease Revenue Bond Program Porterville Developmental Center – 96 Bed Expansion and Recreation Complex	\$45,000,000.00

Mr. Aguirre said all loans were recommended for approval as presented and the impact on the Pool would be to increase the loan portfolio by \$678,570,533.00.

All the loan requests were approved as recommended by staff, 3-0.

PUBLIC COMMENT

None.

In the absence of further business, the meeting was adjourned at 10:17 a.m.

Respectfully submitted

Laurie Weir
Executive Secretary