

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

**MINUTES**

Wednesday, October 17, 2007

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

Roll: Francisco Lujano for State Treasurer Bill Lockyer  
Richard Chivaro for State Controller John Chiang  
Anne Sheehan or for Director of Finance Michael C. Genest

Staff Present: Bettina Redway, Executive Secretary, PMIB  
Bill Dowell, State Treasurer's Office  
Catherine Brown, Attorney General's Office  
Mark Paxson, State Treasurer's Office

**APPROVAL OF MINUTES**

Mr. Bill Dowell of the State Treasurer's Office explained there was a point of clarification regarding the September 19, 2007 Minutes. The dollar amount of "Impact on the Pool" had been mistakenly been misstated during the meeting and the correct amount was to "increase the loan portfolio by \$1,073,919,417.76." The Minutes for the meeting of September 19, 2007, were approved as submitted, with the correction noted, 3-0.

**PMIB DESIGNATION**

Mr. Dowell of the State Treasurer's Office presented the portfolio Summary Report as of September 30, 2007. On that day, the portfolio stood at \$61.196 billion. The effective yield was 5.208%, the quarter-to-date yield was 5.247% and the year-to-date yield was 5.247%. The average life of the portfolio was 207 days and AB 55 Loans approved stood at \$10.284 billion, with \$4.428 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$19.053 billion with 2,620 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 15, 2007 through December 21, 2007. He stated that over the ten-week period of the forecast there would be an increase in the portfolio of \$9.785 billion due to receipts being larger than disbursements. Mr. Rivera continued by highlighting several key receipts. He noted that Sales, Liquor, and Utility Surcharge were expected to total \$9.259 billion. Personal Income and Bank & Corporation Taxes were expected to total \$11.712 billion. Local Assistance Programs were expected to total \$5.137 billion, while Local Agency Investment Collections were expected to total \$5.378 billion. Lastly, proceeds from the Sale of State Bonds were estimated at \$8.500 billion, which

includes Revenue Anticipation Notes of \$7.000 billion, which have been rescheduled to November 1, 2007. (Originally scheduled for settlement on October 1, 2007, for \$5.000 billion.) For the ten-week period, \$48.167 billion was anticipated in receipts.

Ms. Sue Griffith of the State Controller's Office presented the Estimated Pooled Money Disbursements for the forecast period and said there are estimated disbursements of \$38.294 billion. She went on to highlight some of the major disbursements. Public Schools and Community Colleges were expected to disburse \$8.418 billion during the period. Social Services anticipates SSI payments the weeks of October 29, 2007 for \$717.00 million and another the week of November. 26, 2007 for \$724.00 million. The total for Social Services is \$3.095 billion. For Health Care Services there are total disbursements anticipated of \$4.904 billion. Finally, Ms. Griffith noted there will be two significant payroll disbursements: \$1.194 billion the week of October 29, 2007 and \$1.246 billion the week of December 3, 2007. Added to other payroll disbursements during the period, a total of \$3.407 billion is expected to be spent out of the Payroll Revolving Fund. Designation No. 1700 was approved, 3-0.

#### **AUTHORIZATION FOR GENERAL FUND INTERNAL BORROWING:**

Mr. Dowell presented this document which authorizes the General Fund to borrow from internal sources – the special funds and accounts within the State Treasury – to meet its cash needs during periods of shortfall. The authorization presented at this meeting was for the period November 1, 2007 through January 31, 2008. He noted that the amount available from various internal funds is estimated to be \$15.507 billion.

The Authorization for General Fund Internal Borrowing was approved, 3-0.

#### **DECLARATION OF SURPLUS MONEY/REDUCTION OF SURPLUS MONEY**

Mr. Dowell presented the changes in the Surplus Money Investment Fund for the period September 1, 2007 through September 30, 2007. During that month \$14,183,673,000.00 was declared surplus in various special funds, while \$11,392,083,000.00 was declared to be a reduction in surplus.

The Surplus Money Declaration/Reduction for the month of September 2007 was approved, 3-0.

#### **SURPLUS MONEY INVESTMENT FUND REQUESTS**

Mr. Dowell presented the following request to join the Surplus Money Investment Fund:

Department of Consumer Affairs  
Professional Fiduciary Fund  
Fund Number 3108

The Board accepted the staff recommendations and approved the request, 3-0.

Prior to the AB 55 Loan discussion, Ms. Anne Sheehan inquired if there was an update regarding the litigation relating to AB 900. Deputy Attorney General Catherine Brown of the Department of Justice responded by saying the suit brought by Taxpayers for Improving Public Safety (TiPS) had recently been dismissed by the judge at a hearing. She went on to note that a recent newspaper report indicated the TiPS organization intended to file an appeal.

**AB 55 LOAN APPLICATIONS (Government Code § 16312)**

Mr. Jonathan Welch of the Public Finance Division of the State Treasurer’s Office presented eight loan requests as shown in the following table. He noted that the first two loans (Items a. – b.) were for general obligation programs while the remaining six loans (Items c. – h.) were for lease revenue programs. Mr. Welch pointed out that two of the loan requests (Items d. and g.) had been reduced to lesser amounts.

<b>Agenda Item</b>	<b>Loan Number</b>	<b>Department/Program</b>	<b>Adjusted Loan Amount</b>
a.	0780066	Water Resources Control Board for Resources Agency Safe, Clean, Reliable Water Supply Bond Act of 1996	\$52,218,135.00
b.	0780067	Department of Conservation Safe Drinking Water, Clean Water, Watershed protection and Flood Protection Act	\$648,942.00
c.	0780068	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Southern Youth Correctional Reception Center and Clinic: Specialized Counseling Program Beds	\$3,680,159.00

d.	0780069	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds California Correctional Center, Susanville: Wastewater Treatment Plant Modifications	\$1,795,200.00
e.	0780070	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Deuel Vocational Institution: New Wastewater Treatment Plant	\$21,920,200.00
f.	0780071	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds California State Prison, San Quentin: Central Health Services Building	\$59,843,200.00
g.	0780072	Department of Education SPWB Lease Revenue Bonds California School for the Deaf, Riverside: Academic Support Cores, Bus Loop and Renovation	\$629,200.00
h.	0780073	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Growlersburg Conservation Camp: Replace Facility	\$2,386,200.00

Mr. Welch stated all loans were recommended for approval as presented and the impact on the Pool would be to increase the loan portfolio by a positive \$103,266,476.00.

Ms. Sheehan asked for further explanation as to why there was a reduction in the loan amount on the Susanville Wastewater Treatment Plant Modifications request, (Item d.).

Mr. Phil Osborn of the Public Finance Division of the State Treasurer's Office stepped forward and said the amount was reduced due to the discovery of some title issues regarding the Susanville site. Mr. Osborn said some parcels have geothermal extraction issues and the Attorney General's Office had brought the matter to the Treasurer's Office's attention. He explained that it was mutually agreed by all parties to consider a loan for a lesser amount at this meeting in order to get the project

started. It was felt the title issues could be resolved within a month and the Department of Corrections would return with a request for the full loan amount. Ms. Sheehan asked if all parties understood the lesser loan amount was being considered at today's meeting and Mr. Osborn confirmed that they did. She followed-up by asking if there was any reason to believe the issues cannot be overcome and both Mr. Osborn and Mr. Welch said there was no reason to anticipate a problem. Mr. Osborn concluded by pointing out that it was really more a "timing issue" rather than a problem with the loan request.

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

**PUBLIC COMMENT**

None.

In the absence of further business, the meeting was adjourned at 10:15 a.m.

Respectfully submitted,

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Bettina Redway  
Executive Secretary