

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

MINUTES

Wednesday, January 16, 2008

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

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

Staff Present: Bill Dowell, State Treasurer's Office
Catherine Brown, Attorney General's Office
Mark Paxson, State Treasurer's Office

MINUTES

The Minutes for the December 19, 2007, meeting were approved as submitted, 3-0.

PMIB DESIGNATION

Mr. Bill Dowell of the State Treasurer's Office presented the portfolio Summary Report as of December 31, 2007. On that day, the portfolio stood at \$62.890 billion. The effective yield was 4.730%, the quarter-to-date yield was 4.966% and the year-to-date yield was 5.105%. The average life of the portfolio was 204 days and AB 55 Loans approved stood at \$8.413 billion with \$3.068 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$21.225 billion, with 2,619 participants.

Designation No. 1703 was approved, 3-0.

AUTHORIZATION FOR GENERAL FUND INTERNAL BORROWING:

Mr. Bill 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 from February 1, 2008, through April 30, 2008. He noted that the amount available from various internal funds is estimated to be up to \$15.950 billion.

The Authorization for General Fund Internal Borrowing for the period February 1, 2008, through April 30, 2008, 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 December 1, 2007, through December 31, 2007. During that month, \$24,818,468,000.00 was declared surplus in various special funds, while \$25,505,100,000.00 was declared to be a reduction in surplus.

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

SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Dowell said there were no Surplus Money Investment Fund requests for this month.

ARRANGEMENTS WITH BANKS – INFORMATIONAL ITEM

Mr. Doug Spittler, Director of the Cash Management Division of the State Treasurer's Office explained that each briefing binder contained an informational memo summarizing the depository banking relationships. He said that following the annual meetings with each bank, the Cash Management Division recommended to the Treasurer that there be no changes to the methodology or fees for the current fiscal year. There will also be no changes to the float factor for the current year. The Treasurer accepted both recommendations. Mr. Spittler pointed out there was some interest from one bank about a service that they would like to charge the state. The Cash Management Division staff has asked for workload information from this bank, as well as the other banks, and hopes to have specific suggestions on the issue during the next four to seven months. Mr. Spittler noted there is an ongoing pilot project for remote site deposit and it is expected there could be recommendations for additional services in the future, based on the results of the pilot. There may also be a proposed change in the float factor, because it is believed new processes will speed-up the collection of funds. He said the Treasurer's Office will complete the analysis once they have collected sufficient data and only then would there be something specific to discuss with the board.

Ms. Anne Sheehan asked if the remote site deposits would be on a geographical basis. Mr. Spittler responded, yes and that it would include imaging. The remote deposits will be applied to the regular deposits. He explained the equipment essentially scans the items at the department's office, instead of submitting the actual paper checks to the bank, the image is presented to the banks and then the bank processes the image. As an example, there are now retail stores when the customer makes a purchase by check, the vendor immediately returns the check to the customer. The retailer scans the check right at the register, thereby electronically submitting the deposit to the bank.

Ms. Sheehan followed-up by asking if it would only be implemented within certain departments. Mr. Spittler said, as a pilot, there are currently a couple of banks and two or three state agencies. It includes a representative sample of the type of deposits that all agencies process. As the pilot began, it was learned that at least one of the departments that had a somewhat antiquated computer system and they had to replace that equipment in order to accommodate the imaging process. Once the process is perfected and it is fully understood how much it costs, the Cash Management Division may propose some changes to our methodology and fee structure. Finally, he noted there was approval for a new position in the Bank Reconciliation Section to process not only this, but other refinements in the banking services.

AB 55 LOAN APPLICATIONS (Government Code § 16312)

Mr. Douglas Chen of the Public Finance Division of the State Treasurer’s Office presented six loan requests as shown in the following table, noting that Item “a” had been withdrawn. He said that the first two loans (Items b. – c.) were for general obligation programs while the remaining four loans (Items d. – g.) were for lease revenue programs.

Agenda Item	Loan Number	Department/Program	Adjusted Loan Amount
a.	0780099	Water Resources Control Board Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act	\$175,735,961.00
b.	0780100	State Allocation Board Office of Public School Construction Kindergarten-University Public Education Facilities Bond Act of 2004 (K-12)	\$2,019,536,000.00
c.	0780101	Office of Emergency Services Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006	\$42,561,000.00
d.	0780103	California Conservation Corps SPWB Lease Revenue Bonds Camarillo Satellite Relocation/Construction	\$12,000,000.00
e.	0780104	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Stevens Creek Forest Fire Station: Replace Facility	\$261,958.00
f.	0780105	California State University SPWB Lease Revenue Bonds Monterey Bay Campus: Monterey Bay County Library	\$50,922,252.00
g.	0780106	Judicial Council of California SPWB Lease Revenue Bonds Fourth Appellate District, Santa Ana: New Courthouse	\$20,618,250.00

Mr. Chen said all loans were recommended for approval as presented and the impact on the Pool would be to increase the loan portfolio by \$484,184,023.40.

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

PUBLIC COMMENT

None.

ADJOURNMENT

In the absence of further business, the meeting was adjourned at 10:13 a.m.

Respectfully submitted,

Bettina Redway
Executive Secretary