

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

MINUTES

Wednesday, March 19, 2008

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
 Vince Brown for Director of Finance Michael C. Genest

Staff Present: Bill Dowell, State Treasurer's Office
 Catherine Brown, Attorney General's Office
 Kristin Smith, State Treasurer's Office

MINUTES

The Minutes for the February 20, 2008, 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 February 29, 2008. On that day, the portfolio stood at \$64.292 billion. The effective yield was 3.939%, the quarter-to-date yield was 4.394% and the year-to-date yield was 4.921%. The average life of the portfolio was 215 days and AB 55 Loans approved stood at \$8.517 billion with \$2.684 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$23.324 billion, with 2,632 participants.

Mr. Dowell noted that Bear Stearns had been in the news recently and told the board the last piece of Bear Stearns commercial paper in the PMIA matured in September, 2007. There are no other investments with Bear Stearns. Their recently announced acquisition by JP Morgan will have no impact on the holdings of the investment portfolio. Mr. Vince Brown asked, "When do you think the latest Fed rate change is going to ripple through the return on the pool?" Mr. Dowell responded by pointing out the PMIA yield just from the end of January to the end of February, was moving downward. He said there would be a similar decrease by the end of March. The Fed's actions were definitely having an effect on what investment rates are available in the marketplace each day. He explained the three percent yields that are shown for the months of January and February are becoming very difficult to find during the second half of March. Mr. Dowell concluded by reiterating the Fed's actions were having an immediate effect.

Designation No. 1705 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 February 1, 2008, through February 28, 2008. During that month, \$9,533,385,000.00 was declared surplus in various special funds, while \$8,981,187,000.00 was declared to be a reduction in surplus.

The Surplus Money Declaration/Reduction for the month of February, 2008, was approved, 3-0.

SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Dowell presented one request for the month:

Judicial Council of California
 Administrative Office of the Courts
 Special Deposit Fund
 Judicial Branch Facility Deposits
 (Fund Number 0942610)

The Board accepted the staff recommendation of the State Controller’s Office and the State Treasurer’s Office and approved the request, 3-0.

AB 55 LOAN APPLICATIONS (Government Code § 16312)

Mr. Douglas Chen of the Public Finance Division of the State Treasurer’s Office presented ten loan requests as shown in the following table, noting that Item c had been reduced and that Items k and l had been withdrawn. He said that the first six loans (Items a. – f.) were for general obligation programs, Item g was a Revenue Request and the remaining three loans (Items h. – j.) were for lease revenue programs.

Agenda Item	Loan Number	Department/Program	Adjusted Loan Amount
a.	0780117	California Health Facilities Financing Authority Children’s Hospital Bond Act of 2004	\$162,747,164.95
b.	0780118	State Allocation Board Office of Public School Construction School Facilities Bond Act of 1992 (June)	\$6,482,903.70
c.	0780119	Department of Transportation Seismic Retrofit Bond Act of 1996	\$76,665,000.17 \$71,701,674.17
d.	0780120	California State Library California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000	\$35,353,205.13
e.	0780121	Department of Fish and Game Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act	\$19,888,924.75

f.	0780122	Resources Agency Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002	\$332,125,214.77
g.	0780123	California Housing Finance Agency CalHFA Revenue Bond Program Loan Warehousing Program (Revolving)	\$350,000,000.00
h.	0780124	Department of General Services SPWB Lease Revenue Bonds State Office Building #10 Renovation	\$26,319,151.00
i.	0780125	Department of Veteran's Affairs SPWB Lease Revenue Bonds Greater Los Angeles and Ventura Counties Veteran's Homes	\$88,172,000.00
j.	0780126	Department of Veterans Affairs SPWB Lease Revenue Bonds Yountville Veterans Home – Member Services Building: Renovate Facility	\$6,008,800.00
k.	0780127	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Pacheco Forest Fire Station: Replace Facility	\$2,620,788.00
l.	0780128	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds North Region Forest Fire Stations: Various Facilities	\$11,203,088.00

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 \$358,468,801.80.

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

PUBLIC COMMENT

Mr. Francisco Lujano noted that this would be Mr. Vince Brown's last PMIB Meeting representing the Department of Finance. He thanked him for his service to the citizens of California and wished him good luck in the future.

ADJOURNMENT

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

Respectfully submitted,

Bettina Redway
 Executive Secretary