

**POOLED MONEY INVESTMENT BOARD**  
**State Treasurer's Office**  
**915 Capitol Mall, Room 587**  
**Sacramento, California 95814**

**MINUTES**

Wednesday, August 19, 2009

The meeting was called to order at 10:00 AM.

Roll: Francisco Lujano, for State Treasurer Bill Lockyer  
Tom Sheehy, for Director of Finance Michael C. Genest  
Rick Chivaro, for State Controller John Chiang

Staff Present: Bill Dowell, State Treasurer's Office  
Mark Paxson, State Treasurer's Office  
Connie LeLouis, Attorney General's Office

**MINUTES**

The Minutes for the July 2, 2009, and the July 15, 2009, meetings were approved as submitted, 3-0.

**PMIB DESIGNATION**

Mr. Bill Dowell of the State Treasurer's Office (STO) presented the Portfolio Summary Report as of July 31, 2009. On that day, the portfolio stood at \$64.545 billion. The effective yield was 0.946%, the quarter-to-date yield was 1.035% and the year-to-date yield was 1.035%. The average life of the portfolio was 188 days and AB 55 Loans approved stood at \$6.146 billion, with \$1.270 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$24.286 billion, with 2,759 participants. Mr. Dowell also mentioned the Governor had recently signed legislation making the Negotiable Order of Withdrawal (NOW) accounts an eligible investment for the PMIA. He noted the NOW account balances are included as part of the portfolio and that an updated PMIA Investment Policy will be presented to the Board in the near future.

Ms. Kristin Szakaly-Moore of the STO Cash Management Division presented a summary of the Forecast of Changes in Portfolio for the Pooled Money Investment Account (PMIA) for the period August 17, 2009, through October 23, 2009. Ms. Szakaly-Moore highlighted several of the key receipts, as presented in Attachment A. For this ten-week period, a total of \$41.075 billion are anticipated in receipts.

Mr. Mike Havey of the State Controller's Office (SCO) presented the Estimated Pooled Money Disbursements for the forecast period and highlighted several of the major disbursements, also shown in Attachment A. He noted that disbursements for the period were estimated to total \$39.513 billion.

Designation No. 1722 was approved, 3-0.

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

Mr. Dowell presented this item which authorized the General Fund to borrow from internal sources to meet its cash needs during periods of shortfall. He noted this was an informational item that did not require action by the Board. It was on the agenda so the Board could take action, if the SCO indicated the current Authorization of up to \$21.239 billion was determined to be insufficient. The SCO confirmed for the Board the current Authorization was sufficient through September 30, 2009.

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

Mr. Dowell presented changes in the Surplus Money Investment Fund for the period July 1, 2009, through July 31, 2009. During the month, \$8.140 billion was declared Surplus in various special funds, while \$11.656 billion was declared to be a Reduction in Surplus.

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

## **NEW COMMERCIAL PAPER ISSUER**

Ms. Evelyn Gorman of the STO Investment Division presented a proposal to approve Johnson & Johnson as an authorized commercial paper investment for the PMIA. Founded in 1886, the company is a global pharmaceutical, medical devices, and consumer packaged goods manufacturer. Johnson & Johnson's \$10 billion commercial paper program is rated A-1+/P-1/F1+ by S&P, Moody's and Fitch.

The Board approved Johnson & Johnson as an authorized commercial paper investment for the PMIA, 3-0.

## **PURSUANT TO GOVERNMENT CODE SECTIONS 17221.5 AND 17222, CONSIDERATION OF RESOLUTION SETTING INTEREST RATE FOR THE ISSUANCE OF REGISTERED WARRANTS AND APPROVING CONTROLLER'S DETERMINATION OF MATURITY DATE FOR SUCH WARRANTS**

Mr. Dowell noted that this was an informational item that required no action by the Board. It was on the agenda so the Board could further discuss the item, if so desired. There were no comments by the Board members.

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

Ms. Julie Giordano of the STO Public Finance Division presented the staff recommendations, as summarized below:

**Loan Renewal Requests:** Staff recommended approval of the 12 AB 55 loan renewal requests (Items 9.a-1) on the agenda in the amounts shown on column g of Exhibit A. The recommended amounts were for either the amount of the existing adjusted loan amount, a decrease requested by the department, or an increase necessary to pay accrued interest and/or costs authorized by Department of Finance's (DOF) Budget Letter 09-09. All renewed loans will be subject to the freeze described in the second recommendation, shown below.

**AB 55 Loan Disbursement Freeze:** Staff recommended the PMIA continue the freeze on disbursements for approved AB 55 loans except for disbursements authorized by DOF's Budget Letter 09-09.

<b>Agenda Item</b>	<b>Loan Number</b>	<b>Department/Program</b>	<b>Adjusted Loan Amount</b>
a.	0900023	California Community Colleges Kindergarten-University Public Education Facilities Bond Act of 2006 (Hi-Ed)	\$950,677.13
b.	0900024	Department of Conservation Safe Drinking Water, Clean Water, Watershed Protection & Flood Protection Act of 2000	\$175,536.57
c.	0900025	Water Resources Control Board Water Conservation and Water Quality 1986	\$3,666,732.71
d.	0900026	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Deuel Vocational Institution: New Wastewater Treatment Plant	\$32,097,056.00
e.	0900027	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds San Quentin State Prison: Central Health Services Building	\$128,391,291.00
f.	0900028	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Siskiyou Unit Headquarters: Replace Facility	\$181,141.00
g.	0900029	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Vina Helitack Base: Replace Facility	\$89,648.00
h.	0900030	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Madera-Mariposa-Merced Unit Headquarters: Replace Facility	\$82,920.00
i.	0900031	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Santa Clara Unit Headquarters: Replace Facility	\$81,303.00
j.	0900032	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Growlersburg Conservation Camp: Replace Facility	\$1,624,373.00

k.	0900033	Department of Veterans Affairs SPWB Lease Revenue Bonds Veterans Home Yountville: Member Services Building, Renovate Facility	\$10,692,091.00
l.	0900034	Department of Education SPWB Lease Revenue Bonds Riverside: Academic Support Cores, Bus Loop & Renovation	\$542,769.00

All 12 renewal loan requests and a continuation of the Disbursement Freeze were approved, as recommended by staff, 3-0.

**PUBLIC COMMENT**

None.

**ADJOURNMENT**

In the absence of further business, the meeting was adjourned at 10:20 AM.

Respectfully submitted,

---

Bettina Redway  
Executive Secretary