

**POOLED MONEY INVESTMENT BOARD**  
**915 Capitol Mall, Room 587**  
**Sacramento, CA 95814**

**MINUTES**

Wednesday, October 20, 2010

The meeting was called to order at 10:05 a.m.

Roll:                    Francisco Lujano for State Treasurer Bill Lockyer  
                             Richard Chivaro for State Controller John Chiang  
                             Cynthia Bryant for Director of Finance Ana J. Matosantos

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 September 15, 2010, meeting and the September 23, 2010, meeting were approved, 3-0.

**PMIB DESIGNATION**

Mr. Bill Dowell of the State Treasurer's Office presented a Summary Portfolio Report as of September 30, 2010. On that day, the portfolio stood at \$67.557 billion. The effective yield was 0.475%, the quarter-to-date yield was 0.515% and the year-to-date yield was 0.515%. The average life of the portfolio was 185 days. AB 55 Loans approved stood at \$302 million, with \$221 million having been disbursed. The Local Agency Investment Fund had deposits totaling \$21.776 billion, with 2,778 participants.

Ms. Kristin Szakaly-Moore of the State Treasurer's Office Cash Management Division presented a summary of the Forecast of Changes in Portfolio for the Pooled Money Investment Account (PMIA) for the period October 18, 2010, through December 17, 2010. Ms. Szakaly-Moore highlighted the key receipts, as presented in Attachment 1. For this nine-week period, a total of \$37.07 billion were anticipated in receipts.

Ms. Kathy Perry of the State Controller's Office continued the presentation with an estimate of the PMIA disbursements for the period October 18, 2010, through December 17, 2010. Ms. Perry highlighted the major disbursements, also as shown in Attachment 1. For this period, a total of \$38.819 billion was anticipated to be disbursed.

Designation No. 1736 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, 2010, through September 30, 2010. During the month, \$6.604 billion was declared Surplus in various special funds, while \$7.029 billion was declared to be a Reduction in Surplus. The Surplus Money Declaration/Reduction for the month of September, 2010, was approved, 3-0.

## **SURPLUS MONEY INVESTMENT FUND REQUEST**

Mr. Dowell presented six requests to participate in the Surplus Money Investment Fund, as shown below:

### **Department of Veterans Affairs**

Fire & Hazard Account	8062002
Disaster Indemnity Account	8062003
Mortgage Reserve Account	8062004
Self-Insured Life and Disability Account	8062005

### **Department of Transportation**

Clean Renewable Energy Bond, Series 2009	
Special Deposit Fund	09422218

### **California Horse Racing Board**

Horse Racing Fund	3153
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The SCO and STO had determined these requests are consistent with the statutory requirements of the Government Code and recommended approval by the Pooled Money Investment Board. The Board approved the six requests, 3-0.

## **COMMERCIAL PAPER ISSUERS**

Ms. Evelyn Gorman of the State Treasurer's Office Investment Division presented two new proposed Commercial Paper Issuers: BNP Paribas Finance Inc. and Canadian Imperial Holdings Inc. Ms. Gorman explained that BNP Paribas Finance Inc. is a Delaware corporation and a wholly-owned subsidiary of BNP Paribas and that BNP Paribas is an active Yankee Certificate of Deposit issuer and has been an authorized PMIA investment for more than 10 years. She said Canadian Imperial Holdings Inc., is also a Delaware corporation and a wholly-owned subsidiary of Canadian Imperial Bank of Commerce, which is an active Yankee Certificate of Deposit issuer and has been an authorized PMIA investment for more than 10 years.

The Board approved the new Issuers 3-0.

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

Mr. Phil Osborn of the State Treasurer’s Office Public Finance Division presented the staff recommendations, as shown in attachment a. and b. He noted that staff recommended approval of the AB55 loan renewal request (Item 7a.), and that staff recommended approval of a new loan request (Item 7b.)

<b>Agenda Item</b>	<b>Loan Number</b>	<b>Department/Program</b>	<b>Adjusted Loan Amount</b>
a.	1010014	Department of General Services SPWB Lease Revenue Bonds Board of Equalization Building Acquisition	\$91,259,000.00
b.	1010015	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB 900 Northern California Reentry Facility	\$9,263,000.00

Mr. Osborn noted for Agenda Item 7c. that staff recommended approval of a loan modification request from the Department of Corrections and Rehabilitation, SPWB Lease Revenue Bonds, AB900, California Health Care Facility (Loan Number 0900100). The loan was originally approved for \$40,321,600 at the June 16, 2010 meeting of the PMIB. The department is requesting a change in the use of a portion of the existing loan (\$3.2 million), and the modification will not result in a change to the amount approved at the June 16, 2010 PMIB Meeting.

The PMIB accepted the staff recommendations, renewed the renewal request, approved the new loan and the loan modification, 3-0.

**POOLED MONEY INVESTMENT ACCOUNT LOAN POLICY**

Mr. Blake Fowler of the State Treasurer’s Office Public Finance Division presented the new policy to the Board laying out guidelines for PMIA Loans. Mr. Fowler stated that the policy shall be reviewed by the board annually, discussed the loan application requirements, the types of loans that would be eligible for consideration, and the limitations of Budget Control Section 4.80 relating to State Public Works Board lease revenue bond project. Mr. Fowler also stated that the maximum aggregate amount of all approved PMIA loan amounts shall not exceed \$500 million at any time and that the staff shall submit a monthly report to the Board that lists the amount of outstanding PMIA Loans. See Exhibit B.

Ms. Bryant commented that the \$500 million limit should be closely monitored to determine if it is the right level going forward. Mr. Chris Lief of the Department of Finance expressed to the Board that \$500 million is a good starting point but that the Department of Finance thinks it will ultimately be too low.

The Board approved the new Policy 3-0.

**PUBLIC COMMENT**

None.

**ADJOURNMENT**

In the absence of further business, the meeting was adjourned at 10:25 a.m.

Respectfully submitted,

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Bettina Redway  
Executive Secretary