

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

MINUTES

Wednesday, August 16, 2006

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

Roll: Francisco Lujano for State Treasurer Philip Angelides
Cindy Aronberg for State Controller Steve Westly
Anne Sheehan for Director of Finance Michael C. Genest

Staff Present: Laurie Weir, Executive Secretary, PMIB
Bill Dowell, State Treasurer's Office
Patricia Pechtel, Attorney General's Office
Mark Paxson, State Treasurer's Office

APPROVAL OF MINUTES

The Minutes for the meeting of July 19, 2006, were approved as submitted, 3-0.

APPROVAL OF PMIB DESIGNATION NO. 1686

Mr. Bill Dowell of the State Treasurer's Office presented the portfolio Summary Report as of July 31, 2006. On that day, the portfolio stood at \$59.520 billion. The effective yield was 4.909%, the quarter-to-date yield was 4.849% and the year-to-date yield was also 4.849%. The average life of the portfolio was 164 days and AB 55 Loans approved stood at \$8.249 billion with \$3.173 billion having been disbursed. The Local Agency Investment Fund had deposits totaling \$15.946 billion with 2,628 participants.

Mr. Jeff Wurm 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 August 14, 2006 through October 20, 2006. He stated that over the forecast period there would be an increase in the portfolio of \$119.966 million due to receipts exceeding disbursements. Mr. Wurm continued by highlighting several of the key receipts. He noted that the Sales, Liquor, and Utility Surcharge were expected to total \$7.502 billion. Personal Income and Bank & Corporation Taxes were expected to total \$10.543 billion while the Insurance Gross Premium Taxes were anticipated at \$473.900 million. Proceeds from the Sale of State Bonds were estimated to total \$1.575 billion. For this forecast period, \$38.029 billion was anticipated in receipts.

Mr. John Korach of the State Controller's Office presented the estimated disbursements for the forecast period and highlighted several of the major disbursements. Public Schools and Community Colleges were expected to total \$7.318 billion and the Local Sales Tax & Apportionments were estimated at \$2.425 billion. Mr. Korach noted there were two disbursements scheduled for the Payroll Revolving Fund – the first disbursement for \$1.230 billion was to be made the week of August 28, 2006 with another \$1.247 billion for the week of October 2, 2006.

Mr. Korach said disbursements for the forecast period were estimated to total \$37.829 billion.

Designation No. 1686 was approved, 3-0.

APPROVAL OF SURPLUS MONEY DECLARATION/REDUCTION

Mr. Dowell presented the changes in the Surplus Money Investment Fund for the period July 1, 2006 through July 31, 2006. During that month \$10,657,632,000.00 was declared surplus in various special funds, while \$7,804,587,000.00 was declared to be a reduction in surplus.

The Surplus Money Declaration/Reduction for the month of July 2006 was approved, 3-0.

APPROVAL OF SURPLUS MONEY INVESTMENT FUND REQUESTS

Mr. Dowell said there were no SMIF requests for this month.

APPROVAL OF COMMERCIAL PAPER ISSUER

Ms. Cathy DiSalvo, of the Investment Division of the State Treasurer's Office, presented Windmill Funding Corporation (Windmill) asset-backed commercial paper (ABCP) program as a potential commercial paper issuer for the Pooled Money Investment Account (PMIA). Established in 1993, Windmill is a Delaware corporation that is sponsored and administered by ABN AMRO Bank. It is currently rated A-1+ by Standard and Poor's and P-1 by Moody's Investor Services.

Windmill is authorized to issue \$12.5 billion of commercial paper and currently has approximately \$8.1 billion outstanding. Ms. DiSalvo recommended approval of Windmill and indicated the addition of Windmill would add diversity at competitive yields to the PMIA.

The Board approved Windmill Funding Corporation, 3-0.

APPROVAL OF AB 55 LOANS

Mr. Phil Osborn of the Public Finance Division of the State Treasurer's Office presented 13 loan requests as shown in the following table. He noted that the first five loans (Items a. – e.) were for general obligation programs while the remaining eight loans (Items f. – m.) were lease revenue programs.

APPROVAL OF AB 55 LOANS (Continued)

Agenda Item	Loan Number	Type	Department/Program	Adjusted Loan Amount
7.a.	0670031	GO/Renewal	University of California Kindergarten-University Public Education Facilities Bond Act of 2004 (Hi-Ed)	\$339,436,000.00
7.b.	0670019	GO/Renewal	Resources Agency Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000	\$227,945,000.00
7.c.	0670020	GO/Renewal	Resources Agency Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002	\$296,165,000.00
<i>(Note: Correction from initial description, which was shown as: California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002)</i>				
7.d.	0670021	GO/Renewal	Department of Health Services Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Bond Act of 2000	\$20,625,394.00
7.e.	0670022	GO/Renewal	Water Resources Control Board for Department of Water Resources Safe, Clean, Reliable Water Supply Bond Act of 1996	\$38,470,000.00
7.f.	0670023	REV/Renewal	Department of Corrections and Rehabilitation SPWB Lease Revenue Bond Program San Quentin Condemned Inmate Complex	\$66,862,000.00
7.g.	0670024	REV/Renewal	Department of Forestry & Fire Protection SPWB Lease Revenue Bond Program Raymond Forest Fire Station	\$3,548,994.00
7.h.	0670025	REV/Renewal	Department of Forestry & Fire Protection SPWB Lease Revenue Bond Program Weaverville Forest Fire Station	\$2,945,200.00
7.i.	0670026	REV/Renewal	California State University SPWB Lease Revenue Bond Program Los Angeles Campus: Physical Science Building	\$38,942,000.00
7.j.	0670027	REV/Renewal	Department of Mental Health SPWB Lease Revenue Bond Program Patton State Hospital: Electrical Generator Plant	\$2,835,000.00
7.k.	0670028	REV/Renewal	Department of .General Services SPWB Lease Revenue Bond Program State Office Buildings 8 & 9 Renovation	\$50,501,000.00

APPROVAL OF AB 55 LOANS (Continued)

Agenda Item	Loan Number	Type	Department/Program	Adjusted Loan Amount
7.l.	0670029	REV/New	Department of General Services SPWB Lease Revenue Bond Program Caltrans Marysville Office Building Replacement	\$31,500,000.00
7.m.	0670030	REV/New	University of California SPWB Lease Revenue Bond Program Davis Campus: UCDMC Surgery & Emergency Pavilion	\$55,565,000.00

Mr. Osborn said all loans were recommended for approval as presented and the impact on the Pool would be to increase the loan portfolio by \$666,612,297.39.

Ms. Cindy Aronberg advised the Chair that she was prepared to vote on all items, with the exception of Item f. A motion was made by Ms. Anne Sheehan to approve all loans except Item f; and the loans were approved as recommended, 3-0. Ms. Sheehan then moved approval of Item f. and it was approved 2-0, with Ms. Aronberg abstaining without comment.

PUBLIC COMMENT

None.

In the absence of further business, the meeting was adjourned at 10:11 a.m.

Respectfully submitted

Laurie Weir
Executive Secretary