

**P. M. I. B.**

**Wednesday, July 18, 2012**

**10:00 a.m.**

PMIB Meeting  
July 18, 2012

DESIGNATION

# POOLED MONEY INVESTMENT ACCOUNT

## PORTFOLIO SUMMARY REPORT

July 18, 2012

(Dollars in Billions)

	06/30/12	05/31/12	Change From Prior Month	Prior Year 06/30/11
<b>Total Portfolio</b>				
Amount	\$60.502	\$64.183	(\$3.681)	\$66.353
Effective Yield	0.356%	0.359%	-0.003%	0.366%
Quarter-to-date Yield	0.363%	0.365%	-0.002%	0.482%
Year-to-date Yield	0.382%	0.384%	-0.002%	0.495%
Average Life (in days)	270	224	46	237
<b>AB 55 Loans (Government Code §16312 and §16313)</b>				
Approved	\$0.281	\$0.282	(\$0.001)	\$0.465
Disbursed	\$0.128	\$0.129	(\$0.001)	\$0.246
<b>Local Agency Investment Fund</b>				
Deposits	\$21.888	\$22.327	(\$0.439)	\$23.984
Number of Participants	2,729	2,723	6	2,783

**DESIGNATION BY POOLED MONEY INVESTMENT BOARD  
OF TREASURY POOLED MONEY INVESTMENTS AND DEPOSITS**

In accordance with sections 16480 through 16480.8 of the Government Code, the Pooled Money Investment Board, at its meeting on July 18, 2012, has determined and designated the amount of money available for deposit and investment under said sections. In accordance with sections 16480.1 and 16480.2 of the Government Code, it is the intent that the money available for deposit or investment be deposited in bank accounts and savings and loan associations or invested in securities in such a manner so as to realize the maximum return consistent with safe and prudent treasury management, and the Board does hereby designate the amount of money available for deposit in bank accounts, savings and loan associations, and for investment in securities and the type of such deposits and investments as follows:

1. In accordance with law, for deposit in demand bank accounts as Compensating Balance for Services 1,909,688,000.00

The active noninterest-bearing bank accounts designation constitutes a calendar month average balance. For purposes of computing the compensating balances, the Treasurer shall exclude from the daily balances any amounts contained therein as a result of nondelivery of securities purchased for "cash" for the Pooled Money Investment Account and shall adjust for any deposits not credited by the bank as of the date of deposit. The balances in such accounts may fall below the above amount provided that the balances computed by dividing the sum of daily balances of that calendar month by the number of days in the calendar month reasonably approximates that amount. The balances may exceed this amount during heavy collection periods or in anticipation of large impending warrant presentations to the Treasury, but the balances are to be maintained in such a manner as to realize the maximum return consistent with safe and prudent treasury management.

2. In accordance with law, for investment in securities authorized by section 16430, Government Code, or in term interest-bearing deposits in banks and savings and loan associations as follows:

	From	To	Transactions	In Securities (section 16430)*	Time Deposits in Various Financial Institutions (sections 16503a and 16602)*	Estimated Total
( 1 )	7/16/2012	7/20/2012	\$ (268,866,000)	\$ (11,565,375,000)	\$ 4,465,640,000	\$ (7,099,735,000)
( 2 )	7/23/2012	7/27/2012	\$ (3,510,393,000)	\$ (15,075,768,000)	\$ 4,465,640,000	\$ (10,610,128,000)
( 3 )	7/30/2012	8/3/2012	\$ (1,784,356,000)	\$ (16,860,124,000)	\$ 4,465,640,000	\$ (12,394,484,000)
( 4 )	8/6/2012	8/10/2012	\$ 336,100,000	\$ (16,524,024,000)	\$ 4,465,640,000	\$ (12,058,384,000)
( 5 )	8/13/2012	8/17/2012	\$ 855,028,000	\$ (15,668,996,000)	\$ 4,465,640,000	\$ (11,203,356,000)

From any of the amounts specifically designated above, not more than 30 percent in the aggregate may be invested in prime commercial paper under section 16430(e), Government Code.

Additional amounts available in treasury trust account and in the Treasury from time to time, in excess of the amounts and for the same types of investments as specifically designated above.

Provided, that the availability of the amounts shown under paragraph 2 is subject to reduction in the amount by which the bank accounts under paragraph 1 would otherwise be reduced below the calendar month average balance of 1,909,688,000.00.

POOLED MONEY INVESTMENT BOARD:

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Member

Dated: July 18, 2012

\* Government Code

\_\_\_\_\_  
Member

PMIB Meeting  
June 20, 2012

SMD

POOLED MONEY INVESTMENT BOARD  
(Surplus Money Investment Fund)  
Period June 1 through June 30, 2012

**DECLARATION OF SURPLUS MONEY**

In accordance with Sections 16470 to 16476 of the Government Code, the Pooled Money Investment Board hereby determines that the amount of money set opposite each of the hereinafter designated special funds and now on deposit in the State Treasury to the credit of each of such funds, in addition to any money in said funds heretofore designated as surplus money, is not necessary for immediate use for carrying out the purposes for which each of such special funds was created, and is hereby designated as surplus money for transfer to the Surplus Money Investment Fund:

<u>DATES</u>	<u>AMOUNT</u>
(SEE ATTACHED LIST)	(SEE ATTACHED LIST)
TOTAL \$	
	7,777,132,000.00*

**REDUCTION OF SURPLUS MONEY**

In accordance with Sections 16470 to 16476 of the Government Code, the Pooled Money Investment Board hereby determines that the amount of money set opposite each of the hereinafter designated special funds, which constitutes a portion of the money heretofore designated as surplus money and which has heretofore been transferred to and now remains in the Surplus Money Investment Fund from each of such designated funds, is needed by each of such special funds to carry out the purposes for which it was created, and that the amount of money heretofore designated as surplus money with respect to each such special fund is hereby reduced by the amount of money needed by such fund, as hereinafter specified, for transfer back to each such fund.

<u>DATES</u>	<u>AMOUNT</u>
(SEE ATTACHED LIST)	(SEE ATTACHED LIST)
TOTAL \$	
	11,163,126,000.00*

**POOLED MONEY INVESTMENT BOARD**

\_\_\_\_\_  
Member

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Member

Dated: June, 2012

\*Note: Amounts are typically transferred in \$1,000.00 increments. However, transfers or reductions may sometimes occur in other increments resulting in necessary adjustments which can occur within the same month, or the succeeding month. Consequently, the total transfer and reduction amounts will not necessarily reflect even \$1,000.00 increments.

FM03H07E

STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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0005000	SAFENEIGH PKS, CLNWTR,CLNAIR/	4,000	2,099,000
0006000	DISABILITY ACCESS ACCOUNT	62,000	41,000
0007000	BREAST CANCER RESEARCH ACCOUNT	536,000	545,000
0009000	BREAST CANCER CONTROL ACCOUNT	0	1,969,000
0012000	ATTY GEN ANTITRUST ACCOUNT	1,000	2,000
0014000	HAZARDOUS WASTE CONTROL ACCT	430,000	406,000
0017000	FINGERPRINT FEES ACCOUNT	2,319,000	2,271,000
0018000	SITE REMEDIATION ACCOUNT	82,000	168,000
0023000	FARMWORKER REMEDIAL ACCOUNT	26,000	2,000
0024000	GUIDE DOGS FOR BLIND FUND	8,000	16,000
0025000	LEAKING UNDRGRD STG TANK COST	0	1,000
0028000	UNIFIED PROGRAM ACCOUNT	62,000	51,000
0032000	FIREARM SAFETY ACCOUNT	56,000	59,000
0033000	STATE ENERGY CONSER ASST ACCT	133,000	4,378,000
0035000	SURFACE MINING & RECLAMATION	25,000	28,000
0041000	AERONAUTICS ACCOUNT	441,000	316,000
0042000	STATE HIGHWAY ACCOUNT	398,058,000	432,621,000
0044000	MOTOR VEHICLE ACCOUNT	180,999,000	192,051,000
0045000	BICYCLE TRANSPORTATION ACCT	600,000	973,000
0046000	PUBLIC TRANSPORTATION ACCT	168,499,000	73,314,000
0048000	TRANSPORTATION REV ACCOUNT	662,013,000	947,251,000
0052000	LOCAL AIRPORT LOAN ACCOUNT	575,000	5,000,000
0055000	MASS TRANSIT REVOLVING ACCOUNT	327,000	197,000
0059000	HAZARDOUS SPILL PREVENTION ACC	0	1,000
0061000	MOTOR VEHICLE FUEL ACCOUNT	471,251,000	434,628,000
0064000	MOTOR VEHICLE LIC FEE ACCT	14,297,000	15,963,000
0065000	ILLEGAL DRUG LAB CLEANUP ACCT	5,000	47,000
0066000	SALE OF TOBACCO TO MINORS CTRL	329,000	10,000
0067000	STATE CORPORATIONS FUND	3,221,000	2,265,000
0069000	BARBERING/COSMETOLOGY CONT FD	1,220,000	1,919,000
0074000	MEDICAL WASTE MANAGEMENT FUND	300,000	19,000
0075000	RADIATION CONTROL FUND	1,900,000	529,000
0076000	TISSUE BANK LICENSE FUND	125,000	37,000
0078000	GRAPHIC DESIGN LICENSE PLATE F	133,000	65,000
0080000	CHILDHOOD LEAD POISONG PVTN FD	5,000	1,352,000
0082000	EXPORT DOCUMENT PROGRAM FUND	90,000	157,000
0083000	VETERANS SERVICE OFFICE FUND	54,000	256,000
0093000	CONSTRUCTN MANGEMNT EDUC ACCT	4,000	0
0094000	RETAIL SALES TAX	6,541,000	5,369,000
0096000	CAL-OSHA TARGET INSPC&CONSULTN	313,000	515,000
0098000	CLINICAL LAB IMPROVEMENT FUND	547,000	59,000
0099000	HEALTH STATISTICS SPEC FUND	1,559,000	1,352,000
0100000	CALIF USED OIL RECYCLING FUND	0	1,141,000
0106000	PESTICIDE REGULATION FUND	1,225,000	4,567,000
0108000	ACUPUNCTURE FUND	255,000	284,000
0111000	DEPT OF FOOD & AGRICULT. ACCT	5,468,000	9,590,000
0115000	AIR POLLUTION CONTROL FUND	36,757,000	45,099,000
0119000	SCH FACILITIES FUND 1998	0	6,000

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STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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0120000	MEX-AMER VET'S MEMRL BEAU\ENHC	0	3,000
0121000	HOSPITAL BUILDING FUND	3,494,000	5,879,000
0122000	EMERGENCY FOOD FOR FAMILIES FD	589,000	154,000
0124000	CA.AGRI.EXPORT PROMOTION ACCT-	8,000	1,000
0129000	WATER DEVICE CERT SPEC ACC	0	14,000
0132000	WORKERS COMP MNGDCARE FUND	0	2,000
0133000	CALIF BEVERAGE CONTAINER RECYL	60,039,000	53,931,000
0140000	ENVIRONMENTL LICENSE PLATE FD	1,972,000	1,096,000
0141000	SOIL CONSERVATION FUND	9,000	280,000
0142000	SEXUAL HABITUAL OFFENDER, DOJ	88,000	86,000
0143000	CA HEALTH DATA & PLANNING FD	7,491,000	2,199,000
0144000	CALIFORNIA WATER	0	1,000
0152000	ST BD OF CHIROPRACTIC EXAMINERS	426,000	486,000
0158000	TRAVEL SELLER	89,000	1,000
0159000	TRIAL COURT IMPROVEMENT FUND	20,588,000	4,855,000
0163000	CONTINUING CARE PROVIDER FEE	24,000	201,000
0166000	CERTIFICATION ACCT-CONS AFF FD	1,000	2,000
0168000	STRUCTURAL PEST CONTROL	9,000	12,000
0169000	CALIF DEBT LIMIT ALLOC COMM	55,000	87,000
0171000	CALIF DEBT & INVEST ADV COMM	142,000	170,000
0172000	DEV DISABILITIES PROGRAM DEV	0	255,000
0175000	DISPENSING OPTICIANS FUND	14,000	14,000
0177000	FOOD SAFETY FUND	366,000	5,000
0179000	ENVIRONMENTAL LAB IMPROV FUND	338,000	37,000
0181000	REGISTERED NURSE EDUCATION	143,000	68,000
0183000	ENVIRON ENHANC MIT DEMO PGM FD	2,500,000	1,722,000
0184000	EMPLOY DEV DEPT BENEFIT AUDIT	2,581,000	516,000
0185000	EMPLOYMT DEV DEPT CONTINGENT	17,533,000	29,234,000
0191000	FAIR AND EXPOSITION FUND	240,000	300,000
0192000	SATELLITE WAGERING ACCOUNT	0	1,000
0193000	WASTE DISCHARGE PERMIT FUND	2,159,000	9,615,000
0194000	EMERG MED SRVS TRNG PGM APROV	127,000	1,000
0198000	CA FIRE & ARSON TRAINING FD	293,000	135,000
0203000	GENETIC DISEASE TESTING FUND	549,000	533,000
0205000	GEO PELS FUND	76,000	61,000
0207000	FISH & WILDLIFE POLLUTION ACCT	145,000	163,000
0209000	CA HAZRD LIQUID PIPLNE SAFTY	15,000	222,000
0211000	CA WTRFOWL HAB PRESERVATION	0	11,000
0213000	NATIVE SPECIES CONSV & ENHAN	7,000	1,000
0215000	INDUSTRIAL DEVELOPMENT FUND	0	16,000
0216000	INDUSTRIAL REL CONST IND ENF	14,000	5,000
0217000	INSURANCE FUND	8,201,000	16,760,000
0219000	LIFETIME LICENSE TRUST ACCOUNT	289,000	0
0223000	WORKERS' COMP ADMIN REVOLV FD	1,498,000	14,802,000
0226000	CA TIRE RECYCLING MGMT FUND	138,000	2,455,000
0228000	SEC OF STATE'S BUSINESS FEE FD	4,286,000	3,803,000
0230000	CIGARETTE & TOBACCO - ALLOCATE	26,684,000	22,188,000
0231000	CIGARET.& TOB./HEALTH EDUCAT.	4,273,000	3,529,000

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MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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0232000	CIGARET. & TOB./HOSPITAL SERV.	0	4,318,000
0233000	CIGARET. & TOB./PHYSICIAN SERV.	2,136,000	2,201,000
0234000	CIGARET. & TOB./RESEARCH ACCT.	533,000	699,000
0235000	CIGARET. & TOB./PUBLIC RESOURCE	1,074,000	2,517,000
0236000	CIGARET. & TOB./UNALLOCATED	1,583,000	1,541,000
0238000	VETS CEMETERY PERPETUAL MAINT	7,000	26,000
0239000	PRIVATE SECURITY SERVS FUND	705,000	389,000
0240000	LOCAL AGY DEPOSIT SECURITY FD	1,000	40,000
0241000	LOC PUB PROSECUTR/DEFNDER TNG	105,000	79,000
0244000	ENVIRONMENTAL WATER FUND	0	1,000
0245000	MOBILEHOME PARK REVOLVING FUND	503,000	953,000
0247000	DRINKING WATER OPERATOR CERT	185,000	83,000
0256000	SEXUAL PREDATOR PUBLIC INFO	19,000	9,000
0259000	SUPPLEMENTAL CONTRIB PROG FUND	18,000	18,000
0260000	NURSNG HM ADMIN ST LIC EXAM FD	36,000	41,000
0261000	OFF HIGHWAY LICENSE FEE	358,000	0
0263000	OFF-HIGHWAY VEHICLE TRUST	11,379,000	6,449,000
0264000	OSTEOPATHIC MED BD CONTINGENT	51,000	107,000
0268000	PEACE OFFICERS TRAINING	6,902,000	4,571,000
0269000	GLASS PROCESSING FEE ACCOUNT	583,000	7,146,000
0270000	TECHNICAL ASSISTANCE FUND	1,105,000	0
0271000	CERTIFICATION FUND	41,000	174,000
0272000	INFANT BOTULISM TRTMT & PREV	558,000	235,000
0275000	HAZ & IDLE-DESERTED ABATMT FD	14,000	82,000
0276000	PENALTY ACCT-CA.BEVERAGE RECYC	68,000	0
0277000	BIMETAL PROCESSING FEE ACCT	129,000	22,000
0278000	PET PROCESSING FEE ACCT	594,000	2,007,000
0279000	CHILD HEALTH & SAFETY FUND	305,000	435,000
0280000	PHYSICIAN ASSISTANT FD	93,000	95,000
0281000	RECYCLING MARKET DEV REV LOAN	258,000	2,026,000
0289000	HLTH INS COUNSELING/ADVOCACY	0	46,000
0290000	PILOT COMMISSIONERS' SPEC FD	210,000	128,000
0293000	MOTOR CARRIER'S SAFETY IMPROV	95,000	155,000
0294000	REMOVAL/REMEDIAL ACTION ACCT	602,000	134,000
0295000	PODIATRIC MEDICINE FUND	70,000	72,000
0298000	FINANCIAL INSTITUTIONS FUND	1,599,000	2,988,000
0299000	CREDIT UNION FUND	11,000	1,523,000
0300000	PROFESSIONAL FORESTER REGIS	50,000	11,000
0305000	PRIVATE POSTSECONDARY ED	846,000	693,000
0306000	SAFE DRINKING WATER ACCOUNT	166,000	211,000
0310000	PSYCHOLOGY FUND	227,000	283,000
0312000	EMERG MED SVCS PERSONNEL FUND	210,000	3,000
0314000	DIESEL EMISSION REDUCTION FUND	9,000	1,000
0317000	REAL ESTATE FUND	2,716,000	3,088,000
0318000	COLLINS-DUGAN CCC REIMBR ACCT	264,000	320,000
0319000	RESPIRATORY CARE FUND	164,000	246,000
0320000	OIL SPILL PREVENTION & ADMIN	2,955,000	3,339,000
0321000	OIL SPILL RESPONSE TRUST FUND	470,000	335,000

FM03H07E

STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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0322000	ENVIRONMENTAL ENHANCEMENT FUND	76,000	1,000
0325000	ELECTRONIC & APPL REPAIR FUND	71,000	340,000
0326000	ATHLETIC COMMISSION FUND	86,000	185,000
0328000	PUB SCHL PLN, DESIGN,CONST REV	6,614,000	3,089,000
0329000	VEHICLE LICENSE COLLECTN ACCT	4,518,000	0
0331000	SALES TAX ACCOUNT	180,284,000	106,393,000
0332000	VEHICLE LICENSE FEE ACCOUNT	103,418,000	110,119,000
0335000	REGISTERED ENV HLTH SPECLST FD	1,000	84,000
0336000	MINE RECLAMATION ACCOUNT	148,000	159,000
0338000	STRONG-MOTION INSTR/SEIMC MAPG	685,000	1,180,000
0347000	SCHOOL LAND BANK FUND	0	94,000
0351000	MENTAL HEALTH SUBACCOUNT-	90,300,000	90,300,000
0365000	HISTORIC PROPERTY MAINT FUND	1,159,000	1,000
0366000	INDIAN GAMING REV SHARING TRST	1,250,000	0
0367000	INDIAN GAMING SPEC DISTRIB FD	143,000	10,684,000
0368000	ASBESTOS CONSULTANT CERT. ACCT	62,000	42,000
0369000	ASBESTOS TRAINING APPROVAL ACC	19,000	6,000
0376000	SPEECH-LANGUAGE PATH/AUDIOLOGY	83,000	88,000
0378000	ATTORNEY GEN FALSE CLAIMS ACT	0	916,000
0381000	PUB INTEREST R D & D	1,289,000	7,414,000
0382000	RENEWABLE RESOURCE TRUST FUND	25,593,000	1,296,000
0386000	SOLID WASTE DISP CLEANUP TRUST	0	612,000
0387000	INTEGRATED WASTE MGMT ACCOUNT	1,724,000	6,384,000
0392000	ST PARKS AND RECREATION ACCT	34,223,000	29,409,000
0396000	SELF-INSURANCE PLANS FUND	92,000	228,000
0399000	STRUCTL PEST CONTRL EDU&ENFORC	38,000	19,000
0400000	REAL ESTATE APPRAISERS REG FD	178,000	319,000
0402000	SAFE CLEAN WATER SUPPLY	0	1,307,000
0407000	TEACHER CREDENTIALS	1,821,000	2,119,000
0408000	TEST DEVELOPMENT & ADMIN ACCT	1,311,000	315,000
0410000	TRANSCRIPT REIMBURSEMENT FUND	250,000	69,000
0412000	TRANSPORTATION RATE	35,000	378,000
0421000	VEHICLE INSPECTION & REPAIR FD	9,354,000	8,854,000
0425000	VICTIM-WITNESS ASSISTANCE FD	1,159,000	755,000
0429000	LOCAL JURISDICTION ENGY.ASSIST	0	15,000
0434000	AIR TOXICS INVENTORY & ASSESMT	24,000	8,000
0436000	UNDERGRD STOR TANK TESTER ACCT	1,000	4,000
0439000	UNDERGRD STOR TANK CLEANUP FD	29,368,000	27,597,000
0447000	WILDLIFE RESTORATION FUND	148,000	742,000
0448000	OCCUPANCY COMPLIANCE MONITOR	693,000	225,000
0449000	WINTER RECREATION FUND	19,000	14,000
0452000	ELEVATOR SAFETY ACCOUNT	2,048,000	2,063,000
0453000	PRESSURE VESSEL ACCOUNT	190,000	191,000
0456000	EXPEDITED SITE REMEDIATION	0	1,000
0457000	TAX CREDIT ALLOC FEE ACCOUNT	217,000	732,000
0458000	SITE OPERATN & MAINTENANCE ACC	0	19,000
0459000	TELEPHONE MED ADV SERV. FD	23,000	0
0460000	DEALERS RECORD OF SALES SP ACT	137,000	210,000

STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
0461000	PUC TRANSPORTATION REIMB ACCT	897,000	850,000
0462000	PUC UTILITIES REIMBMENT ACCT	564,000	633,000
0464000	HIGH COST FUND A ADM COMM FD	0	2,882,000
0465000	ENERGY RESOURCES PROGRAMS A/C	1,904,000	1,921,000
0470000	HIGH-COST FUND-B ADM COMM FD	3,873,000	10,071,000
0471000	UNIV LIFELINE TELEP SVC TRST	14,548,000	32,299,000
0478000	VECTORBORNE DISEASE ACCOUNT	89,000	1,000
0481000	GARMNT MANUFACTURERS SPECL A/C	43,000	0
0482000	SURFACE IMPOUNDMT ASSESMT ACC	0	1,000
0483000	DEAF & DESABLED TELECOMM PGM	2,698,000	2,444,000
0491000	PAYPHONE SRV PROVIDERS COMM	0	1,000
0492000	STATE ATHLETIC COMM NEURO EXAM	1,000	6,000
0493000	TELECONNECT FD - ADM COMM FD	128,000	7,452,000
0497000	LOCAL GOV'T GEOTHER.RES.REVOL.	70,000	50,000
0501000	CALIFORNIA HOUSING FINANCE	580,883,000	546,509,000
0502000	CALIF WATER RESOURCES DEV BOND	23,224,000	44,211,000
0505000	AFFORDABLE STUDENT HOUS REVLV	612,000	0
0506000	CENTRAL VALLEY WATER PROJ CONS	8,322,000	9,930,000
0507000	CENTRAL VALLEY WATER PROJ REV	6,698,000	75,771,000
0512000	COMPENSATION INSURANCE FUND	461,199,000	475,490,000
0514000	EMPLOYMENT TRAINING FUND	21,000	2,631,000
0516000	HARBORS & WATERCRAFT REVOL FD	10,799,000	4,094,000
0518000	HLTH FAC CONST LOAN INSURANCE	256,000	179,000
0525000	HIGH TECH EDUCATN REV BOND FD	0	22,944,000
0526000	CA SCHOOL FINANCE AUTHORITY FD	11,000	23,000
0528000	ALTERNATIVE ENERGY AUTH FD	183,000	66,000
0530000	MOBILEHOME PARK PURCHASE FUND	300,000	57,000
0537000	CAPITOL AREA DEVELOPMENT FUND	0	1,000
0538000	SAN FRANCISCO STATE BUILDING	0	4,375,000
0539000	OAKLAND STATE BLDG AUTHORITY	0	1,000
0541000	SAN BERNARDINO ST BLDG AUTH	0	941,000
0556000	JUDICIAL ADM EFF & MODRN FUND	1,000	4,075,000
0557000	TOXIC SUBSTANCES CONTROL ACCT	279,000	303,000
0558000	FARM & RANCH SOLID WASTE CLEAN	0	20,000
0559000	SMALL CRAFT HARBOR BOND FUND	0	1,000
0561000	RIVERSIDE CO PUB FIN AUTH FUND	0	1,000
0562000	STATE LOTTERY FUND	122,005,000	499,654,000
0564000	SCHOLARSHARE ADM FUND	184,000	208,000
0566000	DOJ CHILD ABUSE FUND	94,000	56,000
0567000	GAMBLING CONTROL FUND	155,000	649,000
0569000	GAMBLING CONTROL FINES & PENLT	12,000	2,000
0574000	HIGHER EDUC CAP OUTLAY BD FD	1,000	254,000
0575000	ST UNIV DORM BLDG MAINT RES	11,000	62,000
0576000	ST UNIV DORMITORY CONSTRUCTN	269,000	16,671,000
0578000	ST UNIV DORM INTEREST/REDEMP	4,000	0
0582000	HIGH POLLUTER REPAIR/REMOVAL	2,430,000	1,883,000
0585000	COUNTIES CHILDREN & FAMILIES	29,702,000	31,720,000
0587000	FAMILY LAW TRUST FUND	93,000	254,000

FM03H07E

STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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0588000	UNEMPLOYMENT COMP DISABL FUND	144,391,000	132,045,000
0590000	VETERANS DEBENTURE REVENUE	0	161,000
0592000	VETS FARM/HOME BUILDING-1943	31,434,000	54,830,000
0600000	VENDING STAND FUND	0	114,000
0601000	AGRICULTURE BUILDING FUND	104,000	362,000
0615000	PEACE OFFICER&FIREFIGHTERS DEF	4,000	0
0617000	STATE WTR. POLLUTION CONTROL	19,033,000	36,864,000
0623000	CA CHILDREN/FAMILIES TRUST FD	47,964,000	38,343,000
0629000	SAFE DRINKING WTR ST REVLV FD	14,482,000	11,044,000
0631000	MASS MEDIA COMM ACCT, CHILD/FM	2,228,000	637,000
0634000	EDUCATION ACCT, CHILD/FAM FRST	1,856,000	0
0636000	CHILD CARE ACCT, CHILD/FAM FRS	1,114,000	633,000
0637000	RESEARCH\DEVEL ACCT	1,114,000	1,000,000
0638000	ADMINISTRATION ACCT	378,000	1,278,000
0639000	UNALLOCATED ACCOUNT	743,000	163,000
0641000	DOMESTIC VIOLENCE RESTRAINING	58,000	0
0648000	MOBILEHOME/MFG HOME REV FUND	6,161,000	5,779,000
0649000	CA INFRASTR & ECON DEVL BANK	0	1,558,000
0653000	SEISMIC RETROFIT BOND 1996	0	1,382,000
0658000	HIGHER ED CAP OUTLAY BOND,1996	108,000	2,217,000
0660000	PUBLIC BUILDINGS CONSTRUCTN	6,290,000	233,658,000
0668000	PUBLIC BLDG CONSTRUCT SUBACCT	0	15,000
0673000	PASSENGER EQUIPMT ACQUISITION	1,000	0
0678000	PRISON INDUSTRIES REVOLV FD	7,897,000	16,345,000
0679000	STATE WATER QUALITY CONTROL	2,126,000	2,784,000
0687000	DONATED FOOD REVOLVING FUND	246,000	759,000
0691000	WATER RESOURCES REVOLVING	58,766,000	54,926,000
0698000	HOME PURCHASE ASSISTANCE FUND	264,000	0
0701000	VETERANS' HOME FUND	0	55,000
0702000	P&V- CONSUMER AFFAIRS FUND	32,924,000	35,064,000
0703000	CLEAN AIR & TRANSP IMPROV FUND	0	3,471,000
0704000	P&V- ACCOUNTANCY FUND	736,000	914,000
0705000	1992 HGER EDUC CAP OUTLAY BD	0	87,000
0706000	ST BRD OF ARCHITECTURAL EXAMIN	20,000	250,000
0707000	CALIF SAFE DRINKING WATER FUND	0	17,000
0714000	HOME BLDG. AND REHAB FUND	12,000	64,000
0717000	P&V- CEMETERY FUND	168,000	193,000
0720000	LAKE TAHOE ACQUISITION FUND	0	6,000
0735000	P&V- CONTRACTORS' LICENSE FD	3,128,000	4,530,000
0737000	ST CLEAN WTR&WTR CONSERVATION	0	6,000
0740000	CLEAN WATER BOND-FUND 1984 STA	648,000	10,000
0741000	P&V- DENTISTRY FUND	2,316,000	919,000
0742000	STATE URBAN & COASTAL PARK	0	5,000
0744000	1986 WTR CONS WTR QLTY BD	0	5,000
0746000	PRISON CONSTRUCTION,FUND 1986	0	5,000
0747000	PRISON CONSTRUCTION FUND 1988	0	5,000
0748000	FISH/WILDLFE HABITAT ENHANCMT	0	5,000
0749000	REFUNDING ESCROW FUND	19,000	381,000

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STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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0750000	P&V- FUNERAL DIRECTRS' & ENBALM	60,000	140,000
0751000	1990 PRISON CONSTRUCTION FUND	0	6,000
0752000	HOME FURN & THERMAL INSULATION	228,000	474,000
0755000	LICENSED MIDWIFERY FUND	2,000	0
0756000	PASSENGER RAIL&CLEAN AIR BD FD	0	7,000
0757000	LANDSCAPE ARCHITECTS FUND	35,000	56,000
0758000	MEDICAL BD OF CALIF	3,583,000	4,838,000
0759000	P&V- PHYSICAL THERAPY FUND	203,000	75,000
0761000	P&V- REGISTERED NURSING FUND	1,817,000	302,000
0763000	P&V- OPTOMETRY FUND	95,000	124,000
0764000	CLEAN WTR & WTR RECLAMATION FD	0	5,000
0767000	P&V- PHARMACY BD CONTINGENT	770,000	1,261,000
0768000	EARTHQK PUB BLDG REHAB FUND 90	0	6,000
0769000	PRIVATE INVESTIGATOR FUND	48,000	21,000
0770000	P&V- PRO ENGINRS&LAND SURVYVORS	937,000	746,000
0771000	COURT REPORTERS FUND	71,000	251,000
0773000	P&V- BEHAVIORAL SCI EXAMINERS	388,000	733,000
0775000	P&V- STRUCTURAL PEST CONTROL	312,000	433,000
0777000	VETERINARY MEDICAL BD CONTG FD	141,000	8,000
0779000	VOCATNL NURSING/PSYCH TECH FD	560,000	1,064,000
0780000	PSYCH TECH, VOC NRSNG PSYCH TC	132,000	207,000
0784000	STUDENT LOAN OPERATING FUND	0	55,000
0785000	HIGH EDUC CAP OUTLAY BD FD 88	0	91,000
0786000	WILDLIFE,COAST&PARK CONS FD 88	0	18,000
0788000	CA EARTHQK SAFETY/HOUS REHAB	0	6,000
0790000	WATER CONSERVATION FUND, 1988	0	5,000
0793000	CA SAFE DRINKING WATER FD 1988	0	5,000
0796000	CO CORR CAP EXP&YOUTH FAC BD88	0	212,000
0803000	STATE CHILDREN'S TRUST FUND	454,000	123,000
0813000	SELF-HELP HOUSING FUND	7,000	20,000
0814000	CA STATE LOTTERY EDUCATION	148,000	44,000
0815000	JUDGES RETIREMENT FUND	16,861,000	11,410,000
0821000	FLEXELECT BENEFIT FUND	1,386,000	1,395,000
0822000	PUBLIC EMPLOYEES HEALTH CARE	138,514,000	141,276,000
0829000	HEALTH PROFESSIONS EDUC FUND	6,000	3,000
0830000	PUBLIC EMPLOYEES' RETIREMENT	1,354,114,000	1,985,459,000
0833000	ANNUITANTS' HEALTH CARE COV FD	47,987,000	39,890,000
0834000	MEDI-CAL INPATIENT PMT ADJ FD	1,639,000	97,917,000
0835000	TEACHERS RETIREMENT	120,730,000	94,259,000
0839000	CA ST UNIV LOTTERY EDUCATN FD	12,652,000	0
0840000	CA MOTORCYCLIST SAFETY FD	174,000	90,000
0849000	REPLACEMENT BENEFIT CUST. FD	0	11,000
0865000	MENTAL HEALTH MANAGED CARE DP	7,177,000	9,686,000
0872000	STATE HOSPITAL ACCOUNT,	6,342,000	5,719,000
0884000	JUDGE RETIREMENT SYSTEM II FD	1,648,000	1,101,000
0886000	SENIORS SPECIAL FD,CALIFORNIA	90,000	34,000
0904000	CA HEALTH FACILITIES FIN AUTH	1,544,000	816,000
0908000	SCHOOL EMPLOYEES FUND	1,739,000	39,000

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STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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0910000	CONDEMNATION DEPOSITS FUND	13,289,000	3,183,000
0911000	EDUC FACILITIES AUTHORITY	26,000	59,000
0914000	BAY FILL CLEAN-UP ABATMENT	1,000	60,000
0915000	DEFERRED COMPENSATION PLAN FD	2,397,000	1,353,000
0916000	CA HOUSING LOAN INSURANCE FUND	10,000	0
0917000	INMATES' WELFARE FUND	3,379,000	4,557,000
0918000	SMALL BUSINESS EXPANSION	48,000	61,000
0920000	LITIGATION DEPOSIT FUND	7,719,000	1,359,000
0928000	FOREST RESOURCES IMPROV FUND	1,028,000	607,000
0929000	HOUSING REHABILITATION LOAN	3,121,000	336,000
0930000	POLLUTN CONTL FINANCING AUTH	12,037,000	11,241,000
0932000	TRIAL COURT TRUST FUND	203,211,000	202,818,000
0933000	MANAGED CARE FUND	557,000	3,068,000
0938000	RENTAL HOUSING CONSTRUCTN FD	618,000	440,000
0942000	SPECIAL DEPOSIT FUND	10,167,000	37,881,000
0943000	LAND BANK FUND	0	64,000
0948000	CAL ST UNIV & COLL TRUST FUND	312,097,000	383,274,000
0950000	PUB EMPLOY CONTINGENCY RESRV	183,375,000	223,459,000
0952000	STATE PARK CONTINGENT	178,000	227,000
0954000	STUDENT LOAN AUTHORITY FUND	0	5,000
0960000	STUDENT TUITION RECOVERY FUND	529,000	56,000
0965000	TIMBER TAX	2,000	0
0972000	MANUFACTURED HOME RECOVERY FD	27,000	173,000
0980000	PREDEVELOPMENT LOAN FUND	0	165,000
0983000	CALIF FD FOR SENIOR CITIZENS	186,000	34,000
0985000	EMERGENCY HOUSING & ASST FUND	1,000	198,000
1008000	FIREARMS SAFETY/ENFRMNT SPCL	1,553,000	153,000
3002000	ELECTRICIAN CERTIF FUND	272,000	191,000
3004000	GARMENT INDUSTRY REGULATIONS	255,000	217,000
3010000	PIERCE'S DISEASE MGMT ACCOUNT	4,462,000	274,000
3015000	GAS CONSUMPTION SURCHARGE FUND	4,000	138,000
3016000	MISSING PERSONS DNA DATA BASE	261,000	265,000
3017000	OCCUPATIONAL THERAPY FUND	65,000	127,000
3018000	DRUG AND DEVICE SAFETY FUND	341,000	76,000
3022000	APPRENTICESHIP TRNG CONTRIB FD	694,000	658,000
3023000	WIC MANUFACTURER REBATE FUND	18,380,000	18,380,000
3025000	ABANDONED MINE RECLAMATION	0	98,000
3030000	WORKERS' OCCUP SFTY/HLTH ED FD	0	211,000
3035000	ENVIRONMENTAL QUALTY ASSESSMNT	73,000	18,000
3037000	STATE COURT FACILITIES CONST F	17,344,000	169,591,000
3039000	DENTALLY UNDERSERVED ACCOUNT	0	1,000
3042000	VICTIMS OF CORP FRAUD COMP FD	135,000	431,000
3046000	OIL, GAS, AND GEOTHERMAL ADMIN	4,842,000	4,862,000
3053000	PUBLIC RGHTS LAW ENFRMNT SPEC	0	169,000
3056000	SAFE DRKNG WATR & TOXIC ENFORC	1,417,000	1,499,000
3058000	WATER RIGHTS FUND	974,000	1,589,000
3059000	FISCAL RECOVERY FUND	278,930,000	137,557,000
3060000	APPELLATE COURT TRUST FUND	587,000	3,580,000

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STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
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3062000	ENGY FAC LICENSE AND COMPL FD	340,000	68,000
3064000	MENTAL HLTH PRACTITIONER ED FD	25,000	21,000
3065000	ELEC WSTE RCVRY RCVLG ACCT	6,181,000	9,124,000
3066000	COURT FACILITIES TRUST FUND	6,601,000	7,013,000
3068000	VOCATIONAL NURSE EDUCATION FD	17,000	6,000
3069000	NATUROPATHIC DOCTOR'S FUND	10,000	10,000
3071000	CAR WASH WORKER RESTITUTION FD	90,000	1,000
3072000	CAR WASH WORKER FUND	102,000	8,000
3074000	MEDICAL MARIJUANA PROGRAM FUND	27,000	524,000
3079000	CHILDRENS MED SERVICES REBATE	0	5,467,000
3080000	AIDS DRUG ASSIST PGM REBATE	597,000	32,999,000
3081000	CANNERY INSPECTION FUND	160,000	105,000
3084000	ST CERTIFIED UNIFIED PGM AGY	48,000	91,000
3085000	MENTAL HEALTH SERVICES FUND	122,408,000	504,250,000
3086000	DNA IDENTIFICATION FUND	3,613,000	7,130,000
3087000	UNFAIR COMPETITION LAW FUND	5,000	1,241,000
3088000	REGISTRY OF CHARITABLE TRUSTS	341,000	228,000
3089000	PUC UTIL COMM RATEPAYER ADV	0	5,798,000
3095000	FILM PROMOTION AND MARKETING	5,000	1,000
3097000	PRIVATE HOSPITAL SUPPLEMENTAL	48,000	6,996,000
3098000	DPH LICENSING & CERT PGM FUND	1,178,000	6,350,000
3100000	DWR ELECTRIC POWER FUND	166,407,000	160,244,000
3101000	ANALYTICAL LABORATORY ACCOUNT	196,000	1,000
3102000	ACUTE ORPHAN WELL ACCOUNT	0	1,000
3103000	HATCHERY AND INLAND FISHERIES	3,107,000	1,906,000
3108000	PROFESSIONAL FIDUCIARY FUND	25,000	25,000
3109000	NATURAL GAS SUBACCT, PIRD&D	0	872,000
3111000	RETAIL FOOD SAFETY AND DEFENSE	5,000	0
3114000	BIRTH DEFECTS MONITORING PGM	476,000	231,000
3117000	ALTERNATIVE & RENEWABLE FUEL	5,104,000	3,288,000
3121000	OCCUPATIONAL SAFETY & HEALTH	264,000	1,775,000
3122000	ENHANCED FLEET MODERNIZATION	2,329,000	462,000
3133000	MANAGED CARE ADMIN FINES FUND	70,000	0
3134000	SCHOOL DISTRICT ACCOUNT	2,500,000	250,000
3137000	EMERGENCY MEDICAL TECH CERT	113,000	117,000
3138000	IMMEDIATE & CRITICAL NEEDS	33,863,000	142,012,000
3140000	STATE DENTAL HYGIENE FUND	49,000	102,000
3141000	CA ADVANCED SERVICES FUND	1,810,000	251,000
3142000	STATE DENTAL ASSISTANT FUND	95,000	149,000
3145000	UST ORPHAN SITE CLEANUP FUND	0	17,000
3147000	SMALL COMMUNITY GRANT FUND	164,000	28,000
3150000	STATE PUBLIC WORKS ENFORCEMENT	0	141,000
3151000	HEALTH INFO INTEGRITY ACCOUNT	7,000	0
3152000	LABOR ENFORCEMENT & COMPLIANCE	240,000	2,279,000
3153000	HORSE RACING FUND	424,000	959,000
3156000	CHILDREN'S HEALTH & HUMAN SVCS	28,268,000	48,272,000
3157000	RECREATIONAL HEALTH FUND	18,000	47,000
3158000	HOSPITAL QUALITY ASSURANCE REV	0	210,016,000

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STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
3160000	WASTEWATER OPERATOR CERT FUND	88,000	57,000
3164000	RNW ENERG RESRC DVLP FEE TRUST	1,165,000	0
3165000	ENTERPRISE ZONE FUND	177,000	106,000
3167000	SKILLED NURSING FAC QUALITY &	0	199,000
3168000	EMERGENCY MED AIR TRANSPORT	746,000	0
3175000	CALIFORNIA HEALTH TRUST FUND	1,539,000	940,000
6000000	PUBLIC LIBRARY CONSTR/RENOV FD	0	10,559,000
6001000	SAFE DRNKNG CLN WTR WTRSHD PRO	13,000	5,143,000
6028000	HI ED CAP OUTLAY BOND FD 2002	31,000	292,000
6029000	CA CLEAN WATER/AIR SAFE NBRHD	516,000	6,872,000
6031000	WTR SEC,CLN DRNKG WR, CST BCH	10,374,000	16,478,000
6032000	VOTING MODERNIZATION FUND	0	7,000
6036000	ST SCHOOL FACILITIES FD 2002	3,641,000	3,630,000
6037000	HOUSING/EMER SHELTER TRUST FD	154,000	279,000
6041000	HIGH ED CAP OUTLAY BD FD, 2004	106,000	3,189,000
6043000	HIGH-SPEED PASSENGER TRAIN	6,056,000	18,185,000
6044000	SCHOOL FACILITIES FD, 2004 ST	3,378,000	11,523,000
6046000	CHILDREN'S HOSPITAL FUND	0	25,000
6047000	STEM CELL RESEARCH AND CURES	138,000	19,402,000
6048000	2006 UNIV CAP OUTLAY BD FD	11,614,000	30,555,000
6049000	2006 CA COMM COLLEGE BD FD	0	19,394,000
6051000	SAFE DRINKING WATER OF 2006	5,231,000	61,554,000
6052000	DISASTR & FLOOD BND FD OF 2006	0	33,821,000
6053000	HWY SFTY, TRAFFIC RED FD 2006	191,000	517,655,000
6057000	2006 STATE SCHOOL FAC FUND	13,000	40,848,000
6066000	HOUSING/EMERGENCY SHELTER FD	316,000	27,821,000
6079000	CHILDREN'S HOSPITAL BOND ACT	0	1,970,000
6801000	TRANS FINANCNG SUBACCT,SHA,STF	0	1,000
8001000	TEACHERS' HEALTH BENEFITS FD	2,917,000	2,982,000
8004000	CHILD SUPPORT COLLECT RCVRY FD	45,508,000	43,711,000
8014000	CA PHARM SCHOLRSP/LOAN PGM FD	1,000	0
8018000	SALTON SEA RESTORATION FUND	382,000	111,000
8026000	PETRO UNDERGROUND STOR TK FIN	316,000	74,000
8028000	PETROLEUM FINANCING COLLECTION	5,000	0
8029000	COASTAL TRUST FUND	818,000	74,000
8031000	CHILD SUPPOT PAYMENT TRUST FD	73,215,000	136,608,000
8032000	OIL TRUST FUND	2,000,000	0
8034000	MEDICALLY UNDERSERVED PHYSICNS	164,000	172,000
8041000	TEACHERS' DEFERRED COMP FUND	10,000	113,000
8047000	CALIFORNIA SEA OTTER FUND	351,000	39,000
8049000	VISION CARE PGM,STATE ANNU FD	1,665,000	820,000
8062000	POOLED SELF-INSURANCE FUND	773,000	169,000
8064000	ARTS COUNCIL FUND	162,000	3,000
9250000	BOXERS' PENSION FUND	7,000	4,000
9330000	CLEAN/RENEW ENERGY LOAN FUND	20,198,000	21,765,000
9728000	JUDICIAL BRANCH WORKERS' COMP	0	1,230,000
9730000	TECHNOLOGY SRVS REVOLVING FUND	16,527,000	28,977,000
9731000	LEGAL SERVICES REVOLVING FUND	15,417,000	14,441,000

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STATE CONTROLLERS OFFICE  
MONTHLY SUMMARY  
CHANGES TO SURPLUS MONEY INVESTMENT FUND  
FROM: 20120601 TO 20120630

FUND	FUNDNAME	DECLARATION	REDUCTION
9733000	COURT FACILITIES ARCHITECT REV	26,263,000	15,884,000
9739000	WATER POLL CONTROL RVLVG FUND	150,000	508,000
9740000	CENTRAL SERVICE COST RECOVERY	0	13,096,000
9741000	ENERGY EFFICIENT STATE PROPRTY	3,777,000	1,503,000
TOTAL		7,777,132,000	11,163,126,000

PMIB Meeting  
July 18, 2012

SMIF

**THERE ARE NO SMIF REQUESTS FOR THIS MONTH.**

PMIB Meeting  
July 18, 2012

Item 6.

PMIB  
Investment Policy

# **Office of the State Treasurer**



## **Investment Policy**

### **Pooled Money Investment Account**

July 18, 2012

## STATE TREASURER'S OFFICE

### STATEMENT OF PORTFOLIO MANAGEMENT GOALS, OBJECTIVES AND POLICIES

#### POOLED MONEY INVESTMENT ACCOUNT-PMIA

All state money held by the State Treasurer in Treasury trust accounts, and all money in the State Treasury is appropriated for the purpose of investment and deposit as provided in article 4.5, Section 16480 et. al. of the Government Code.

#### **GOAL I. PORTFOLIO SAFETY/DIVERSIFICATION**

The pool will be managed to insure the safety of the portfolio by investing in high quality securities and by maintaining a mix of securities that will provide reasonable assurance that no single investment or class of investments will have a disproportionate impact on the total portfolio.

**OBJECTIVE:** In addition to the safety provided by investing in high quality securities, the safety of the portfolio is enhanced three ways by maintaining a prudent mix (i.e., diversity) of investments: 1) Spreading investments over different investment types minimizes the impact any one industry/investment class can have on the portfolio; 2) Spreading investments over multiple credits/issuers within an investment type minimizes the credit exposure of the portfolio to any single firm/institution; and 3) Spreading investments over various maturities minimizes the risk of portfolio depreciation due to a rise in interest rates. An unforeseen liquidity need allows no options if ***“all your eggs are in one basket.”***

**POLICY:** The portfolio shall contain a sufficient number and diversity of marketable securities so that a reasonable portion of the portfolio can be readily converted to cash without causing a material change in the value of the portfolio. Limitation and eligibility as to specific investments are to be determined by the Pooled Money Investment Board in the case of Commercial Paper, the Treasurer's Office Investment Committee in cases of new dealer authorizations and approval of new corporate investments, and the Treasury Investment Division in all other matters.

#### **GOAL II. LIQUIDITY**

The pool will be managed to ensure that normal cash needs, as well as scheduled extraordinary cash needs can be met. Further, adequate liquidity shall be maintained to ensure the unforeseen cash needs, whether ordinary or extraordinary.

**OBJECTIVE:** The pool will maintain a ***“cash flow generated”*** portfolio balance sufficient to cover specifically the one-month prepared cash forecast, as well as generally the six month prepared cash forecast. Further, sufficient marketable treasuries will be maintained to cover unforeseen withdrawals or delayed deposits.

**POLICY:** First priority is given to maintaining specific calendar liquidity, as dictated by the most recent cash forecast. Second priority is the maintenance of Treasury Bill positions adequate to meet unscheduled needs. Final consideration would be given to “*other*” investments deemed appropriate to portfolio maintenance, enhancement, or restructuring.

### **GOAL III. RATE OF RETURN**

Pooled investments and deposits shall be made in such a way as to realize the maximum return **consistent with safe and prudent treasury management.**

**OBJECTIVE:** The rate of return will be maintained on a consistent level representative of current market yield direction.

**POLICY:** Sales gains/losses will not be incurred to the point of radically altering the final quarterly apportionment rate. Significant sales gains will be offset for restructuring purposes to maintain consistent current return, as well as maximizing future portfolio performance. Significant sales losses shall be incurred only by consent of the Treasurer, or when sufficient profits negate the alteration of the apportionment rate. Range bonds and inverse yielding securities are examples of the types of investments which are precluded by the above stated objective.

### **CONFORMANCE**

All of the foregoing goals, objectives and policies shall be observed by the Chief of Investments or his/her designee, monitored by the Treasurer's Investment Committee, and reviewed continually by the Treasurer or his/ her assistant.

**STATE TREASURER'S OFFICE**  
**STATEMENT OF PORTFOLIO MANAGEMENT GUIDELINES**  
**POOLED MONEY INVESTMENT ACCOUNT-PMIA**

The State Treasurer's Investment Division has set forth a general declaration of portfolio goals, objectives and policies. Following are various guidelines necessary to the good faith observance of these policies.

**I. GUIDELINES FOR MAINTAINING SAFETY/DIVERSIFICATION**

There are few statutory limitations placed on individual categories of authorized investments. However, this does not entitle the investment staff to “*carte blanche*” participation in these security types. In the absence of direct statutory limitations, the “*prudent person rule*” shall be utilized by the investment staff. As market conditions change, altering credit risk, marketability, yield spreads, and securities availability, application of this rule shall govern any investment decision. This application shall be discussed as soon as time permits with the Chief of Investments. At the Chief of Investments determination, the situation may be discussed with the full investment committee or brought directly to the attention of the Treasury Management.

Following are various considerations/limitations as they pertain to specific investment types:

**A. U.S. Treasury Securities**

- |    |                                     |            |  |
|----|-------------------------------------|------------|--|
| 1) | Maximum maturity:                   | Statutory: | 30 years.  |
|    |                                     | Policy:    | 5 years.   |
| 2) | Maximum par value, total portfolio: |            | None.  |
| 3) | Maximum par value per name:         |            | None.  |
| 4) | Maximum par value per maturity:     |            | None.  |
| 5) | Credit:                             |            | Full faith and credit of the Federal Government. |

Treasury Bills are maintained for liquidity, trading, and yield enhancement as the underlying security in a Reverse Repurchase transaction. Treasury strips and full coupon securities are purchased for average maturity preservation, liquidity, and trading.

**B. Agencies (Federal and Supranational)**

- |    |  |            |           |
|----|--|------------|-----------|
| 1) | Maximum maturity:  | Statutory: | 30 years. |
|    |  | Policy:    | 5 years.  |
| 2) | Maximum par value, total portfolio:  |            | None.     |
| 3) | Maximum par value per name:  |            | None.     |
| 4) | Maximum par value per maturity:  |            | None.     |
| 5) | Credit: Despite there being no statutory limitations concerning this category, prudent investment practice necessitates constant credit analysis of certain issuing entities. Although there exists an implicit or explicit government guarantee of the various issues, market perception may limit the liquidity of these securities. |            |           |

**C. Bankers Acceptances-Domestic/Foreign**

- |    |                   |            |           |
|----|-------------------|------------|-----------|
| 1) | Maximum maturity: | Statutory: | None.     |
|    |                   | Policy:    | 180 days. |

(This maximum maturity is a criterion used to determine eligibility for purchase by the Federal Reserve. Our authority is based on the eligibility as determined by the Fed. However, since the Fed has discontinued its eligibility requirements and purchases, this criterion is no longer applicable. Currently, a majority of acceptances are created only for 180 days.)

- |    |                                     |   |       |
|----|-------------------------------------|---|-------|
| 2) | Maximum par value, total portfolio: |   | None. |
| 3) | Maximum par value per name:         |   | None. |
| 4) | Maximum par value per maturity:     |   | None. |
| 5) | Credit:                             |   |       |
|    | a)                                  | The history of the acceptance market is spotless on <b>“Failures to redeem.”</b> This is true even through the years of WW II.  |       |
|    | b)                                  | Geopolitical location is of prime concern when considering potential candidates. Internal, as well as border political and economic stability of the host country are of prime concern. |       |
|    | c)                                  | Liquidity as far as both credit risk and marketability in the secondary level are addressed.  |       |





**G. Corporate Bonds/Notes**

- |    |  |            |          |
|----|--|------------|----------|
| 1) | Maximum maturity:  | Statutory: | None.    |
|    |  | Policy:    | 5 years. |
| 2) | Maximum par value, total portfolio:  |            | None.    |
| 3) | Maximum par value per name:  |            | None.    |
| 4) | Maximum par value per maturity:  |            | None.    |
| 5) | Credit: Securities eligible for investment under this subdivision must be issued by corporations (including banks) organized and operating within the United States and shall be within the top three ratings of a nationally recognized rating service. |            |          |

**H. Repurchases (RP) and Reverse Repurchase (RRP)**

- |    |                                     |   |   |
|----|-------------------------------------|---|---|
| 1) | Maximum maturity:                   | Statutory:  | None.   |
|    |                                     | Policy:   | 1 year.   |
| 2) | Maximum par value, total portfolio: | Statutory:  | None.   |
|    |                                     | Policy:   | RRP is limited to 10% of the current portfolio. |
| 3) | Maximum par value per name:         |   | None.   |
| 4) | Maximum par value per maturity:     |   | None.   |
| 5) | Credit:                             |   |   |
|    | a)                                  | Must have on file, a signed Security Loan Agreement and/or General Repurchase Agreement. Repurchase Agreement may be either STO General Agreement or Bond Market Association Standard Agreement (formerly known as PSA Standard Agreement). |   |
|    | b)                                  | Reverses and reverse repurchases are only done with long established and/or well capitalized broker-dealers.  |   |

The Reverse Repurchase Program is designed to augment the overall portfolio yield in a safe and prudent manner. It is not viewed as a tool with which to effect specific portfolio moves or plan major market strategy. The portfolio carries reversed securities at negative book and the re-investment at positive book. As a result, the reported size of the portfolio represents the true cash participation of its members. All reverses are cash matched either to the maturity of the re-investment or an adequately positive cash flow date which is approximate to the maturity of the re-investment. For example, if cash flow is positive on

January 27 and negative on January 31, then the reverse may mature on the 27th, and the re-investment may be taken to the 31st. Cash flow is evened out, and a positive spread is achieved. Only securities already held in the portfolio and unencumbered may be reversed. No item purchased against reverse will be used as a reversible security while the original reverse is outstanding (i.e., the STO does not leverage one liability with another). The amount against reverse re-investment will be limited to maturities under one year, effectively limiting the appropriate securities to generic money market issues. Because of the role played by the Reverse Program in this office, customized or structured products are not considered appropriate re-investment candidates. All costs, earnings, and spreads are fixed at the beginning of each transaction.

**I. Negotiable Order of Withdrawal (NOW)**

- |    |   |            |  |
|----|---|------------|--|
| 1) | Maximum maturity:   | Statutory: | None.  |
|    |   | Policy:    | Open ended.  |
| 2) | Maximum par value, total portfolio:   | Statutory: | None.  |
|    |   | Policy:    | 5%.  |
| 3) | Maximum par value per name:   | Statutory: | Shall not exceed the net worth of the institution. |
|    |   | Policy:    | Same.  |
| 4) | Maximum par value per maturity:   | Statutory: | None.  |
|    |   | Policy:    | None.  |
| 5) | Credit: Institutions must be rated average or better, or above a “D”, by a recognized rating service utilized by the State Treasurer’s Office (STO) Investment Division, and must pass a credit evaluation by the STO staff. All other conditions, regulations, or requirements associated with demand and time deposits will also apply.   |            |  |
| 6) | Purpose: The Negotiable Order of Withdrawal (NOW) will act as an intra-day cushion to accommodate unexpected cash flow irregularities. In lieu of late sales to cover unexpected increases in disbursements, or in lieu of late investment limitations to cover unexpected increases in revenues, the NOW account will provide pre-market and post-market liquidity and investment flexibility. |            |  |

## II. GUIDELINES FOR MAINTAINING LIQUIDITY

First priority will be the cash flow needs as reported on both the monthly and six-month cash forecasts. These forecasts will be updated daily using the current investment input, as well as adjustment information provided by ~~Cash Management~~ Centralized Treasury and Securities Management personnel.

Sufficient Treasury securities will be maintained for unscheduled cash needs. It has been determined that Treasury Bills having maximum maturity of 1 year will be used for this purpose. Because of their Government guarantee, as well as the short maturity, the exposure to market risk is minimal.

Due to the make-up of the portfolio participants, an average maturity of 120 days to eighteen months will be maintained.

## III. GUIDELINES FOR MAINTAINING RATE OF RETURN

Always keep in mind the need to provide a consistent rate of return not only to the quarterly participants of the pool, but the longer-term depositors as well. It is often the case that investments made with long-term deposits create the base rate to the portfolio. Since sales gains/losses impact the portfolio on a quarterly basis, large gains/losses are to be avoided. Failure to offset either gains or losses proportionately would result in a saw-toothed apportionment rate history. For this reason, extreme positions or styles of trading are prohibited.

An informal weekly meeting, with the Chief of Investments, Assistant Chief, and Investment Manager, will be held to discuss current investment philosophies and upcoming economic releases. Decisions of value and direction are made to accommodate the occurrence of all those events which might be considered reasonable and probable.

Although securities trading is allowed for purposes of enhancing portfolio return, specific limitations have been established to protect the portfolio rate of return:

- 1) Prior to taking a position, apparent value and size will be discussed between the Chief and Treasury Trader involved.
- 2) During a "**when issued**" (W.I.) period our long position shall never exceed the amount we are willing to purchase.
- 3) Short positions will not be taken at any time.
- 4) Trading positions are to be reported daily to the Chief of Investments.

PMIB Meeting  
July 18, 2012

AB55 LOANS

**THERE ARE NO AB55 LOAN REQUESTS  
FOR THIS MONTH.**