

**LOCAL INVESTMENT ADVISORY BOARD  
915 Capitol Mall, Room 110  
Sacramento, CA 95814**

**Minutes  
October 10, 2007**

Patricia Wynne, Local Investment Advisory Board (LIAB) Executive Secretary Chairing for Treasurer Lockyer called the LIAB meeting to order at 1:30 p.m. on Wednesday, October 10, 2007.

**AGENDA ITEM 1: Roll Call**

LIAB members present were Russ Branson, Martin Krieger, Beth Renge, Leslie Wells. A quorum was present. The State Treasurer's Office staff in attendance included Deputy Treasurer and LIAB Executive Secretary Patricia Wynne, Dan Dowell, Christine Solich, Pam Milliron, and Diann Theis.

**AGENDA ITEM 2.A: Approval of the May 9, 2007, Minutes**

The minutes for the May 9, 2007, meeting of the LIAB were approved as submitted with a motion by Mr. Branson and seconded by Mr. Wells. The motion passed unanimously.

**AGENDA ITEM NO. 3.A: 2007 Annual LAIF Conference.**

Ms. Milliron, LAIF Administrator announced that the 2007 LAIF Conference was scheduled for the next day Thursday, October 11, 2007. It was to take place at the Sacramento Convention Center. There were 128 registered attendees, which included 54 Special Districts, 36 Cities, 14 Counties, 3 of 7 depository banks and 9 staff from the Treasurer's Office. Approximately 48% of the attendees were attending the conference for the first time. Also 40 attendees were expected for the post conference tour on Friday, October 12, 2007, at 7 a.m.

Ms. Milliron stated that the final conference agenda and list of attendees were included in the board's briefing binders.

Ms. Milliron gave a quick briefing of the conference agenda. Registration begins at 8:30 a.m. and the conference at 9 a.m. with the pledge of allegiance led by Mr. Wells.

Ms. Milliron will give a short welcome to the attendees at 9:15 a.m.

Mr. John Shin, VP and Senior Economist from Lehman Brothers will share his views on the economic outlook for California. Director of Investments, Dan Dowell and Assistant Director of Investments, Chris Solich will give an overview of LAIF Operations and the Pooled Money Investment Account (PMIA) Goals and Objectives. State Treasurer Bill Lockyer will be the Key Note speaker at the Luncheon. Marianne O'Malley from the Legislative Analyst's Office will begin the afternoon with an update on the State's Budget. The last session of the day will be a panel discussion with the LIAB members and with California Municipal Treasurers Association's (CMTA) Legislative Chairperson Laura Parisi. The conference concludes at 3:45 p.m.

Ms. Milliron stated that the post conference tour will be held Friday, October 12, 2007, at 7 a.m. Ms. Milliron invited all board members to attend the tour.

Mr. Branson asked what type of discussion the board members will be expected to take part in.

Ms. Milliron said she hoped it will be an interactive discussion between the audience and the board and she will ask the first question and will provide additional questions if needed to keep the discussion going.

Ms. Wynne asked if there were comments from the participants that will enlighten the board members as to what questions they might be asked.

Ms. Milliron stated that at a recent conference she and Mr. Dowell received comments regarding raising the \$40 million cap in regular LAIF accounts.

Mr. Krieger stated he felt that Asset Back Commercial Paper (ABCP) will likely be a popular topic.

#### **AGENDA ITEM 4: Overview LAIF Operations and PMIA Performance**

##### **PMIA Performance**

Ms. Solich reported that the total PMIA fund was \$58.4 billion. The daily rate was 5.15%, the quarter to date rate was 5.18% and the year to date rate was 5.24%. The average life of the portfolio was 216 days.

Ms. Solich stated that the Fed Fund's rate was now at 4.75% which is 50 basis points lower than the month before when the Fed took action to forestall the fallout of the sub prime meltdown. With a weakness in the housing related reports but with the strong jobs reports last week there is a reduced expectation that the Fed will cut rates again in October 2007. The Fed is keeping all options open.

Ms. Solich stated that both she and Mr. Dowell have been responsive to the questions that have been coming from the local agencies regarding sub prime exposure and to the media

as well. Both she and Mr. Dowell will be addressing ABCP and bank exposure in their session at the conference.

Ms. Solich gave an outline of her presentation for the conference including charts and graphs. Mr. Wells asked if there were going to be evaluation sheets distributed at the end the conference sessions for feedback. Ms. Solich stated that yes there will be evaluation sheets in the conference packets.

### **LAIF Operations**

Ms. Milliron presented the LAIF operations report. There had been one apportionment rate since the last board meeting on May 9, 2007. The quarterly apportionment rate ending June 30, 2007, was 5.23% with administrative costs of .22% of earnings. As of September 30, 2007, there were 2,620 participants in LAIF. There were 1741 Special Districts, 54 Counties, 472 Cities, 202 Trustee accounts and 151 Bond accounts. LAIF continues to be approximately 31% of the total Pooled Money Investment Account. As of close of window October 10, 2007, LAIF deposits total \$19,142,084,248.06.

Ms. Milliron stated that the programming of the LAIF monthly online statements was close to being completed. Staff expects to implement a pilot program at the end of the year with a few selected LAIF participants testing the process. The project should be completed in the first quarter of 2008. Ms. Milliron stated that Treasurer Lockyer approved Citibank N.A. as the State's seventh depository bank. The State started doing business with Citibank N.A. on August 01, 2007, but due to the bank's documentation requirements for the LAIF participants, LAIF transactions executed by Citibank N.A. were delayed until September 4, 2007. All in all it was a smooth transition for both the LAIF participants and staff.

Ms. Milliron stated that she and Mr. Dowell attended the Association of Public Treasurers in the United States and Canada's Annual Conference in August in San Diego. In September they attended the California Joint Power's Authority's Conference in South Lake Tahoe. Mr. Dowell gave a presentation on "Safety, Liquidity, Yield, Have We Forgotten What Comes First". The presentation was very informative and well received by the attendees.

### **AGENDA ITEM 5: Public Comment**

There was no public comment for this meeting.

### **AGENDA ITEM 6: Other Business**

### **AGENDA ITEM 7: Adjournment**

There being no further business; the meeting was adjourned at 1:58 p.m.