

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

**MINUTES**

Wednesday, March 21, 2012

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

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

Staff Present: Jeff Wurm, State Treasurer's Office  
Catherine Brown, Attorney General's Office  
Mark Paxson, State Treasurer's Office

**MINUTES**

The minutes for the February 15, 2012, meeting were approved, 3-0.

**PMIB DESIGNATION**

Mr. Jeff Wurm of the State Treasurer's Office presented a Portfolio Summary Report as of February 29, 2012. On that day, the portfolio stood at \$64.834 billion. The effective yield was 0.377%, the quarter-to-date yield was 0.387% and the year-to-date yield was 0.389%. The average life of the portfolio was 239 days. AB 55 Loans approved stood at \$311 million, with \$179 million having been disbursed. The Local Agency Investment Fund had deposits totaling \$21.657 billion, with 2,741 participants.

Report approved as read.

Designation No. 1753 was approved, 3-0.

**AUTHORIZATION FOR GENERAL FUND INTERNAL BORROWING**

Mr. Wurm presented this document, which authorizes the General Fund to borrow from internal sources to meet its cash needs during periods of shortfall. The Authorization for General Fund Internal Borrowing for the period April 1, 2012, through June 30, 2012, in the amount of up to \$23.564 billion, was approved, 3-0.

## **STATE CONTROLLER'S OFFICE PROPOSAL TO PROVIDE EXPLANATION OF INTERNAL BORROWING PRACTICES – Informational Item**

Ms. Coleen Morrow of the State Controller's Office stated their office has received inquiries from State agencies regarding internal borrowing process of the General Fund pursuant to Government Code §16310. Questions fall into three categories. (1) Why are the loans to the General Funds not visible in the "Due From" accounts of the Special Funds? (2) What is the impact on the interest earnings of the Special Fund if the General Fund is borrowing money? (3) What guarantee is there that monies will be available to pay the obligations of the Special Fund at the time money they become due?

A document has been developed by the State Controller's Office titled "Cash Management and General Fund Borrowing" to provide a description of the process to address stakeholders concerns. This document is provided for the Board's review over the next month. Any questions or recommendation should be directed to Ms. Morrow during that time. Appropriate modifications will be made and the revised document will be presented at the April PMIB Meeting. Ms. Morrow recommended the document be posted to the respective websites of the State Controller, State Treasurer, and the Department of Finance for State agencies reference when seeking clarification of the process.

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

Mr. Wurm presented the changes in the Surplus Money Investment Fund for the period February 1, 2012, through February 29, 2012. During the month, \$8.367 billion was declared Surplus in various special funds, while \$8.354 billion was declared to be a Reduction in Surplus. The Surplus Money Declaration/Reduction for the month of February, 2012, was approved, 3-0.

## **SURPLUS MONEY INVESTMENT FUND REQUEST**

There were no requests.

## **AB55 LOAN PROGRAM (Government Code § 16312)**

Ms. Tiffany Connelly with the Public Finance Division of the State Treasurer's Office presented one informational item; the monthly report of the current outstanding approved AB55 Loans, which stood at \$311,208,514.82 as of February 29, 2012.

Loan renewal requests, approval is recommended of the six AB55 loan renewal requests, Items 8-a through Item 8-f, on the March 21, 2012 Agenda, and the amounts shown on column F of Exhibit A of the Staff Report, plus the new loan request (Item 8-g). Each renewal reflects increases necessary for the requesting departments to pay accrued interest and administrative costs. All seven loan requests are in compliance with the current AB55 loan policy.

RENEWAL LOAN REQUESTS

	<u>PMIB Loan No.</u>	<u>Amount</u>	<u>Department &amp; Bond Act</u>	
a.	1120025		Department of Mental Health SPWB Lease Revenue Bonds Patton State Hospital: Construct New Main Kitchen	\$1,091,000.00
b.	1120026		Department of Mental Health SPWB Lease Revenue Bonds Napa State Hospital: Construct New Main Kitchen	1,460,000.00
c.	1120027		Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Ishi Conservation Camp: Replace Facility	1,394,000.00
d.	1120028		Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Bieber Forest Fire Station & Helitack Base: Relocate Facility	730,000.00
e.	1120029		Department of Forestry and Fire Protection SPWB Lease Revenue Bonds South Operations Area Headquarters: Relocate Facility	1,334,000.00
f.	1120030		Department of Forestry and Fire Protection SPWB Lease Revenue Bonds Ventura Youth Conservation Camp: Construct Vehicle Apparatus Building, Shop and Warehouse	193,000.00

NEW LOAN REQUEST

g.	1120031		Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds, AB900 Claybank Adult Detention Facility	9,897,000.00
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The PMIB accepted the staff recommendations and approved the six loan renewal requests and the one new loan, 3-0.

**PUBLIC COMMENT**

None.

**ADJOURNMENT**

In the absence of further business, the meeting was adjourned at 10:15 a.m.

Respectfully submitted,

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Bettina Redway  
Executive Secretary