

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

**MINUTES**

Wednesday, December 11, 2013

The meeting was called to order at 10:03 a.m.

Roll:           Katie Carroll for State Treasurer Bill Lockyer  
                  Richard Chivaro for State Controller John Chiang  
                  Eraina Ortega for Director of Finance Michael Cohen

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 November 20, 2013, meeting were approved, 3-0.

**PMIB DESIGNATION**

Mr. Jeff Wurm of the State Treasurer's Office presented a Portfolio Summary Report as of November 30, 2013. On that day, the portfolio stood at \$56.546 billion. The effective yield was 0.263%, the quarter-to-date yield was 0.264% and the year-to-date yield was 0.265%. The average life of the portfolio was 212 days. AB55 Loans approved were \$347 million, with a disbursed amount of \$97 million. The Local Agency Investment Fund had \$18.741 billion total deposits, with 2,598 total participants.

Ms. Kristin Szakaly-Moore of the State Treasurer's Office Centralized Treasury and Securities Management Division presented a summary of forecasted revenue changes in the portfolio for the Pooled Money Investment Account (PMIA) for the period December 9, 2013 through February 21, 2014. Anticipated receipts for this eleven-week period total \$55.448 billion. Ms. Szakaly-Moore highlighted the key receipts.

Mr. Mark Kapinski of the State Controller's Office, Cash Management Bureau and Division of Account and Reporting continued the presentation. Mr. Kapinski highlighted the major disbursements anticipated for the reporting period of December 9, 2013 through February 21, 2014. Projected disbursements for the eleven-week period total \$47.226 billion.

Designation No. 1774 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 January 1, 2014 through March 31, 2014, in the amount of up to \$21.999 billion, was approved, 3-0.

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

Mr. Jeff Wurm presented the changes in the Surplus Money Investment Fund for the period November 1, 2013 through November 30, 2013. Declaration of Surplus Money was in the amount of \$13.918 billion. A reduction in Surplus Money was in the amount of \$11.773 billion. An attached list from the State Controller's office shows the breakdown. The Surplus Money Declaration/Reduction for the month of November was approved, 3-0.

## **SURPLUS MONEY INVESTMENT FUND REQUEST (SMIF)**

There were no SMIF requests for this month.

## **ARRANGEMENTS WITH BANKS - - INFORMATION ITEM**

Mr. Mark Hariri, Director of the State Treasurer's Office, Centralized Treasury and Securities Management Division, presented this information item and reported the following:

Mr. Hariri explained that as of June 30, 2013, the Treasurer held demand accounts with eight major depository banks. The bank compensation is based upon estimated workload adjustments made in the subsequent fiscal year by either increasing or decreasing compensating balances. The adjustment is spread over a number of months as requested by each depository bank. The current year overpayment of \$42,653 will be fully taken back during the month of December as requested by a couple of the banks. No major fees or any fees have been added to the compensation, however, a number of fees have been reduced as a result of negotiation with the banks or as the result of automation and the implementation of electronic means and methods for processing checks and revenue.

Previous reports to the Board highlighted major efforts the department, in collaboration with the banks and major revenue collecting agencies, have undertaken over the past few years. The first was the Remote Site Deposit Program under which state employees via desktop scanners can scan a check and transmit the image to the banks directly and receive same day credit. Images can be submitted until 8:00 p.m. and receive same day credit. The current paper process requires checks to be taken to the bank by 4:00 or 5:00 p.m., depending on each banks' policy. To date there are 21 participating agencies and a number of other agencies are either testing or evaluating the use of remote site deposits.

The second program is the Image Cash Letter Program, which is designed specifically for agencies with large volume of revenue collection, such as the Franchise Tax Board, the Board of Equalization, the Employment Development Department, the Department of Motor Vehicles and the Department of Child Support Services. This program, which converts paper processing of checks to an electronic check image system, started with some of the agencies a couple of years ago. As of last month, the program has been all fully and successfully implemented by these agencies.

Both of these elements provide tremendous benefit and savings to the State on different levels. It represents immediate fund availability, increased amounts that are available for investment and reduced banking costs. For agencies, it created efficiencies and improved the process of reconciliation, and eliminates or reduces the number of trips to the bank. It also reduces the theft or losses, and preserves the safety of employees. With implementation of these two programs, 90% of the State's revenue will

be processed electronically. Mr. Hariri reported that efforts will continue to take advantage of any other such opportunity that exists in the financial market or banking industry, as feasible.

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

Ms. Tiffany Connelly with the State Treasurer’s Office presented the PMIA loans monthly report. As of November 30, 2013, outstanding AB55 loans are \$347,526,649.37.

Staff recommended approval of the two loan renewal requests (Items 8.a and 8.b) on the agenda in the amounts shown below. Both items reflect increases necessary to complete preliminary plans and begin working drawings, as well as to pay accrued interest and administrative costs. The two loan renewal requests are in compliance with the current AB55 loan policy.

Staff also recommended approval of the following two new loan requests (Items 8.c and 8.d) on the agenda in the amounts shown below. The two new loan requests are in compliance with the current AB55 loan policy.

**RENEWAL REQUESTS**

	<u>PMIB Loan No.</u>	<u>Department &amp; Bond Act</u>	<u>Amount</u>
a.	1340016	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Mule Creek State Prison: Health Care Facility Improvement Project	\$3,197,000.00
b.	1340017	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds CA State Prison, Sacramento: Health Care Facility Improvement Project	5,949,000.00

**NEW LOAN REQUESTS**

c.	1340018	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds CA State Prison, Corcoran: Health Care Facility Improvement Project	1,504,000.00
d.	1340019	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds CA Substance Abuse Treatment Facility & State Prison: Health Care Facility Improvement Project	1,562,000.00

The Board accepted staff recommendations and approved the two renewal and two new loan requests, 3-0.

**PUBLIC COMMENT**

None.

**ADJOURNMENT**

In the absence of further business, the meeting was adjourned at 10:19 a.m.

Respectfully submitted,

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Bettina Redway  
Executive Secretary