

**Minutes of the
Cash Management Advisory Board
April 25, 2012
Via Telephone Conference Call**

Attendees:

William Desautelle, CMAB Member
J. Victor Thompson, CMAB Member
Lawrence Wilson, Assistant Treasurer, Cash Management
Paul Coudert, Investment Officer, STIF
Marc Gagnon, Securities Analyst, STIF

Minutes:

Assistant Treasurer Lawrence Wilson called the meeting to order at 10:01 a.m., thanked the board members for their time, and asked the members if there were any comments regarding the January 25, 2012 Cash Management Advisory Board minutes. With no comments, the minutes were adopted.

Mr. Coudert reviewed the performance of the Short-Term Investment Fund (STIF). Mr. Coudert stated that for the quarter ending March 31, 2012, STIF earned an average annualized yield of 12 basis points, outperforming its benchmark by 5 basis points, and for the one year period ending March 31, 2012, STIF returned 18 basis points, outperforming its benchmark by 13 basis points.

Mr. Coudert discussed the current composition of STIF. Mr. Coudert indicated that STIF's daily liquidity was approximately \$3.2 billion, or 64 percent of fund assets. Mr. Coudert continued by saying that 62 percent of the portfolio was invested in securities with some type of government support, such as agency securities, FDIC-insured securities, or in repurchase agreements backed by such securities. Mr. Coudert stated that the remainder of the portfolio was either in certificates of deposit or commercial paper, all with daily put options.

Mr. Coudert updated the board regarding the Gryphon Funding note. Mr. Coudert reported that Gryphon's current exposure was \$21.2 million, taking into account payments and the \$24 million reserve adjustment. Mr. Coudert indicated that the market values of the underlying assets as of March 31, 2012, were approximately \$18.9 million as provided by the Bank of New York. In addition, Mr. Coudert said that \$650,000 was received in principal and interest payments during March 2012.

The board went into executive session at 10:07 a.m. to discuss an issue exempt from disclosure under the Freedom of Information Act. Mr. Desautelle, Mr. Thompson, Mr. Wilson, Mr. Coudert and Mr. Gagnon participated in the executive session. No votes were taken during the executive session. At 10:14 a.m. the executive session adjourned and the meeting went back into regular session.

Mr. Coudert stated that the Extended Investment Portfolio's (EIP) current size was down to \$4 million and that it was earning approximately 22 basis points. Mr. Coudert made mention that \$2 million was set to mature this June.

Mr. Coudert reported that STIF Plus had an asset size of \$15.2 million, with \$10 million, or 66 percent of assets, in a corporate note and \$5.2 million, or 34 percent of assets, in asset-backed securities. Mr. Coudert said that the corporate note was set to mature on June 5th of this year. Mr. Coudert noted that some of the asset-backed securities had been downgraded significantly and that portion of the portfolio had an unrealized loss of approximately \$1.5 million. Mr. Wilson stated that the monies invested in STIF Plus and EIP have earned approximately \$13 million more than if they had been invested in STIF, and thus, even if STIF Plus were to incur a realized loss, the excess interest earned above STIF has made STIF Plus a productive strategy.

Mr. Wilson discussed the March 29, 2012 Public Finance Outlook Conference, and stated that the annual meeting had the highest attendance ever. In addition, Mr. Wilson noted that most of the meetings expenses were covered by fees being charged to the private sector attendees.

With no further business, Mr. Wilson adjourned the meeting at 10:21 a.m.