

**Minutes of the  
Cash Management Advisory Board  
July 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  
Peter Gajowiak, Securities Analyst, STIF

**Minutes:**

Assistant Treasurer Lawrence Wilson called the meeting to order at 10:03 a.m., thanked the board members for their time, and asked the members if there were any comments regarding the April 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 June 30, 2012, STIF earned an average annualized yield of 13 basis points, outperforming its benchmark by 6 basis points, and for the one year period ending June 30, 2012, STIF returned 16 basis points, outperforming its benchmark for that time period by 11 basis points.

Mr. Coudert discussed the current composition of STIF. Mr. Coudert indicated that STIF's daily liquidity was approximately \$2.9 billion, or 63 percent of fund assets. Mr. Coudert continued by saying that 73 percent of the portfolio was invested in securities with some type of government support, such as agency securities, FDIC-insured securities, or repurchase agreements backed by such securities. Mr. Coudert stated that the remainder of the portfolio was in certificates of deposit, all with daily put options.

Mr. Coudert updated the board regarding the Gryphon Funding note. Mr. Coudert reported that Gryphon's current exposure was \$19.9 million, taking into account the \$24 million reserve adjustment. Mr. Coudert mentioned that STIF's reserve had grown to \$47.5 million. Mr. Coudert indicated that the market value of the underlying assets of Gryphon as of June 30, 2012, was approximately \$22.1 million as provided by the Bank of New York. In addition, Mr. Coudert said that \$400,000 in principal and interest payments were paid during July 2012. Mr. Desautelle asked if there had been any recent

offers on the Gryphon note. Mr. Coudert responded, saying we had received indications of possible bids which were relatively stable, while the June valuation from the Gryphon custodian showed an increase. Mr. Wilson added that valuations can often lag market data, and therefore, may not reflect the recent rally in RMBS indices. Mr. Thompson said that with the current housing market stabilizing, we should not be in a rush to sell the Gryphon note.

Mr. Coudert stated that the Extended Investment Portfolio's (EIP) current size was down to \$2 million and that it was earning approximately 22 basis points. Mr. Coudert made mention that the \$2 million was set to mature in August 2012, which would leave the portfolio dormant.

Mr. Coudert reported that STIF Plus' current asset size decreased to just under \$5 million due to the maturity of a \$10 million corporate floater. Mr. Coudert continued, stating that the remaining composition of the portfolio was in asset-backed securities. Mr. Coudert said that STIF Plus' market value improved during the last month, slightly reducing the size of the unrealized loss. Mr. Wilson stated that by investing in STIF Plus and EIP, rather than STIF, additional income of approximately \$13 million had been earned, well above any loss we could incur, making STIF Plus a productive strategy.

Mr. Wilson mentioned that our annual S&P meeting was scheduled to take place on August 8<sup>th</sup>.

With no further business, Mr. Wilson adjourned the meeting at 10:23 a.m.