

**Minutes of the
Cash Management Advisory Board
December 30, 2010
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 10:02 a.m., thanked the members for their time, and indicated that the meetings would be held in compliance with state public meeting requirements regarding notices and the posting of minutes.

Mr. Coudert reviewed the performance of the Short-Term Investment Fund (STIF). Mr. Coudert stated that for fiscal year ending June 30, 2010, STIF outperformed its benchmark by 9 basis points, for the quarter-ending September 30, 2010, by 14 basis points, and for the one-year year period ending September 30, 2010, by 20 basis points. More recently, Mr. Coudert reported that STIF outperformed the October and November benchmarks by 15 and 16 basis points respectively.

Mr. Coudert indicated that STIF's current daily liquidity was \$3.6 billion, or 70 percent of fund assets. Mr. Coudert further stated that 41 percent of the fund was invested in securities issued, guaranteed or insured by the U.S. government or federal agencies or in repurchase agreements collateralized by such securities.

Mr. Coudert stated that the Extended Investment Portfolio (EIP) assets had been withdrawn entirely with the exception of an outstanding interest line.

Mr. Coudert reported that the STIF Plus fund had an asset size of \$29 million, with 76 percent of the assets in corporate notes and 13 percent in asset-backed securities. Mr. Coudert indicated that approximately \$22 million of the securities within the portfolio would be maturing within two years. In addition, Mr. Coudert said that some of the asset-backed securities continued to be distressed. A discussion of individual securities ensued. Mr. Wilson stated that the portfolio's amortized cost exceeded current market values reported by the custodian by approximately \$1.6 million.

Mr. Wilson noted two recent events regarding STIF. First, he indicated that Standard and Poor's had reaffirmed the fund's AAAM rating in September. Second, he reported that in

October we had begun posting the portfolio at the beginning of each month, and that in December we had added the portfolio's net asset market value to the posting, consistent with revised SEC 2a-7 regulations regarding money market mutual funds. Mr. Wilson continued by saying that although STIF is not a SEC-registered fund, we manage the fund in general conformance with the SEC standards.

Mr. Desautelle and Mr. Thompson asked a series of questions regarding the State's cash position and the state and municipal shares of STIF. Mr. Wilson indicated that the state's cash position would be falling until a \$650 million bond sale scheduled for February, and that the split between state (Treasury, agencies and authorities) and local governments was approximately 80 percent to 20 percent, which was consistent with historical patterns.

With no further business, Mr. Wilson adjourned the meeting at 10:28 a.m.