

**Minutes of the  
Cash Management Advisory Board  
February 17, 2011  
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 10:05 a.m., thanked the members for their time, and asked the board if there were any comments regarding the minutes for the December 30, 2010 Cash Management Advisory Board meeting. 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 calendar year ending December 31, 2010, STIF outperformed its benchmark by 17 basis points, for the quarter-ending December 31, 2010, by 16 basis points, and for the month of January 2011, by 16 basis points.

Mr. Coudert indicated that STIF's current daily liquidity was \$3.6 billion, or 67 percent of fund assets. Mr. Coudert further stated that 48 percent of the fund was invested in securities with some sort of government guarantee, such as agency securities or FDIC-insured securities, or in repurchase agreements backed by such securities.

Mr. Desautelle asked if the anticipated February 2011 Treasury bond sale had occurred. Mr. Wilson indicated that even though it had been delayed, the State's cash position was still strong. Mr. Wilson noted that the Treasury had \$2 billion dollars currently available due to a combination of higher State revenues, higher federal revenues, and somewhat lower state expenditures than initially projected.

Mr. Coudert began a discussion of the Gryphon Funding security and recent market activity. Mr. Desautelle made a motion at 10:14 a.m., seconded by Mr. Thompson, to enter into executive session in order 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 10:28 a.m. the executive session adjourned and the meeting went back into regular session.

Mr. Coudert stated that the Extended Investment Portfolio contained only a small interest line and was currently not being used for investments.

Mr. Coudert reported that the STIF Plus Fund had an asset size of \$28.7 million, with 77 percent of assets in corporate notes and 23 percent in asset-backed securities. Mr. Coudert indicated that a \$7 million dollar corporate note would be maturing in May 2011. In addition, Mr. Coudert said that of the asset-backed securities, the Nomura Asset Acceptance Corp. and the IndyMac Mortgage Loan Trust securities continue to be distressed as discussed in prior meetings.

Mr. Coudert asked board members for their opinion of Tri-Party Repurchase Agreements. Mr. Thompson stated that he was comfortable with Tri-Party Repurchase Agreements when he was at State Street Bank. Mr. Thompson indicated that as long as we are at ease with JP Morgan or Bank of New York taking possession of the collateral, valuing it, and releasing it at the proper time, then we should not be worried. Mr. Desautelle suggested that we should have a legal review of all Tri-Party documentation to see if there are any issues of concern.

With no further business, Mr. Wilson adjourned the meeting at 10:42 a.m.