

**Minutes of the  
Cash Management Advisory Board  
November 10, 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  
Peter Gajowiak, Securities Analyst, STIF  
Marc Gagnon, Securities Analyst, STIF

**Minutes:**

Assistant Treasurer Lawrence Wilson called the meeting to order at 11:31 a.m., thanked the members for their time, and asked the board members if there were any comments regarding the July 27, 2011 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-year ending September 30, 2011, STIF earned an annualized yield of 18 basis points, outperforming its benchmark by 15 basis points, and for the one year period ending September 30, 2011, STIF returned 21 basis points, outperforming its benchmark by 15 basis points.

Mr. Coudert discussed the current composition of STIF. Mr. Coudert indicated that STIF's daily liquidity was approximately \$3 billion, or 68 percent of fund assets. Mr. Coudert continued by saying that 55 percent of the portfolio was invested in securities with some type of government guarantee, such as agency collateralized repurchase agreements, agency securities, or FDIC-insured securities. Mr. Coudert stated that the remainder of the portfolio was in certificates of deposit or bank commercial paper, all with daily put options.

Mr. Coudert updated the board regarding the Gryphon Funding note. Mr. Coudert explained that Gryphon's current exposure was \$23.4 million, taking into account the \$24 million reserve adjustment. Mr. Coudert continued by saying that the market value of the underlying assets as of September 30, 2011 was approximately \$25.1 million as provided by the Bank of New York.

The board went into executive session at 11:35 a.m. to discuss an issue exempt from disclosure under the Freedom of Information Act. Mr. Desautelle, Mr. Thompson, Mr. Wilson, Mr. Coudert, Mr. Gagnon and Mr. Gajowiak participated in the executive session. No votes were taken during the executive session. At 11:48 a.m. the executive session adjourned and the meeting went back into regular session.

Mr. Coudert spoke of the recent S&P changes to their AAAM guidelines which took effect on November 1, 2011. Mr. Coudert said that S&P continued to have a 10 percent maximum requirement per CD issuer, but took out the “at time of purchase” language. Mr. Coudert stated that this requires us to more closely monitor and adjust our CD holdings as fund assets decline, in order not go over the 10 percent limit.

Mr. Coudert stated that the Extended Investment Portfolio’s (EIP) current size was \$31 million and that it was earning approximately 21 basis points. Mr. Coudert continued by saying that the portfolio contained only two holdings, which were CD investments with Farmington Savings Bank and Guilford Savings Bank. Mr. Coudert said that the \$25 million with Farmington Savings Bank was going to be redeemed shortly since the state’s common cash pool needed the monies for day-to-day operations. Mr. Desautelle asked if we were comfortable with Guilford Savings Bank. Mr. Wilson stated that the two banks in EIP would be participating in the Community Bank and Credit Union Initiative if it were not for their asset size, and with the small size of the deposits he felt comfortable with the investments.

Mr. Coudert reported that STIF Plus had an asset size of \$21 million, with \$15 million or 71 percent of assets in corporate notes and \$5.6 million or 29 percent in asset-backed securities. Mr. Coudert indicated that the \$5.6 million in asset-backed securities continued to be distressed, with principal payments having slowed. Mr. Wilson stated that since inception, STIF Plus and EIP have earned approximately \$13 million of additional income above STIF, more than offsetting the impact of any potential losses.

With no further business, Mr. Wilson adjourned the meeting at 12:07 p.m.