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Date: May 10, 2010

AGENDA ITEM 22 a, b

TO: MEMBERS, BOARD of DIRECTORS

- I. SUBJECT: RATIFICATION OF INVESTMENT TRANSACTIONS**
- II. PROGRAM: FINANCIAL and INVESTMENT SERVICES**
- III. RECOMMENDATION: TO RATIFY THE INVESTMENT TRANSACTIONS *from February 1, 2010 to March 31, 2010.***
- IV. ANALYSIS:**
The bond transactions for the period of February 1, 2010 to March 31, 2010 are attached as Item 22a-l. The current investments no longer in compliance with State Fund's Investment Policy are listed in the Compliance Report, Attachment 22b-l. We request the Board of Directors ratify the transactions upon the recommendation of the Investment Committee for the period February 1, 2010 to March 31, 2010.
- V. RESULTS/COSTS:**
Reporting on the Investment Transactions fulfills a responsibility of Financial and Investment Services.

LESLIE DAWE, Financial and
Investment Services Manager

Attachments

BOARD OF DIRECTORS (OPEN)

AGENDA ITEM 22a

ATTACHMENT 22a-I

RATIFICATION OF INVESTMENT TRANSACTIONS:
BOND TRANSACTIONS

PRESENTED BY: Peter Guastamachio and Stephanie Chan

May 21, 2010

BOND TRANSACTIONS

Forty-eight transactions were consummated during the period from *February 1, 2010* to *March 31, 2010*.

| Trade Date | Settle Date | Current Face | Description | Coupon Rate | Maturity Date | Yield | Rating |
|------------|-------------|--------------|-------------|-------------|---------------|-------|--------|
|------------|-------------|--------------|-------------|-------------|---------------|-------|--------|

PURCHASES:

Government:

GR-NEAM:

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|----------|----------|---------------|-------------------|-----------|----------|--------|---------|
| 03/04/10 | 03/05/10 | 25,000,000.00 | US Treasury Notes | 2.375% | 02/28/15 | 2.280% | Aaa/AAA |
| | | Subtotal: | 25,000,000.00 | 1 item(s) | | | |

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|--------------------------|----------------------|------------------|
| Total Government: | 25,000,000.00 | 1 item(s) |
|--------------------------|----------------------|------------------|

Local Agency:

Conning:

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|----------|----------|---------------|-------------------|--------|----------|--------|---------|
| 03/03/10 | 03/08/10 | 25,000,000.00 | FREDDIE MAC Notes | 4.875% | 06/13/18 | 3.658% | Aaa/AAA |
| 03/11/10 | 03/16/10 | 25,000,000.00 | FANNIE MAE Notes | 5.375% | 06/12/17 | 3.533% | Aaa/AAA |
| 03/25/10 | 03/30/10 | 25,000,000.00 | FANNIE MAE Notes | 4.875% | 12/15/16 | 3.530% | Aaa/AAA |
| 03/25/10 | 03/30/10 | 25,000,000.00 | FREDDIE MAC Notes | 5.000% | 02/16/17 | 3.595% | Aaa/AAA |

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| Total Agency: | 100,000,000.00 | 4 item(s) |
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GR-NEAM:

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|----------|----------|---------------|-------------------|----------|----------|--------|---------|
| 03/04/10 | 03/05/10 | 25,000,000.00 | FREDDIE MAC Notes | 1.625% | 04/15/13 | 1.658% | Aaa/AAA |
| 03/09/10 | 03/30/10 | 50,000,000.00 | FANNIE MAE Notes | 2.000% | 03/30/15 | 2.000% | Aaa/AAA |
| 03/12/10 | 03/30/10 | 50,000,000.00 | FREDDIE MAC Notes | 2.125% | 03/30/15 | 2.125% | Aaa/AAA |
| 03/19/10 | 03/30/10 | 50,000,000.00 | FREDDIE MAC Notes | 2.125% | 03/30/15 | 2.125% | Aaa/AAA |
| | | Subtotal: | 175,000,000.00 | 4 tem(s) | | | |

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| Total Agency: | 275,000,000.00 | 8 item(s) |
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Taxable Municipal:

Conning:

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|----------|----------|---------------|--------------------------------------|----------|----------|--------|---------|
| 02/10/10 | 02/18/10 | 20,000,000.00 | Hawaii St (BAB)* | 4.950% | 02/01/23 | 4.847% | Aa2/AA |
| 02/18/10 | 03/04/10 | 8,325,000.00 | Los Angeles CA Unifd Sch Dist (BAB)* | 6.758% | 07/01/34 | 6.757% | Aa3/AA- |
| | | Subtotal: | 28,325,000.00 | 2 tem(s) | | | |

GR-NEAM:

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|----------|----------|---------------|---|--------|----------|--------|---------|
| 02/03/10 | 02/08/10 | 17,900,000.00 | Pennsylvania St (BAB)* | 5.450% | 02/15/30 | 5.433% | Aa2/AA |
| 02/03/10 | 02/08/10 | 5,000,000.00 | Dallas TX Area Rapid Trans (BAB)* | 6.249% | 12/01/34 | 6.010% | Aa3/AAA |
| 02/04/10 | 02/09/10 | 3,145,000.00 | District Columbia Income Tax Rev (BAB)* | 5.591% | 12/01/34 | 5.545% | Aa2/AAA |

| Trade Date | Settle Date | Current Face | Description | Coupon Rate | Maturity Date | Yield | Rating |
|------------|-------------|---------------|--------------------------------------|-------------|---------------|--------|---------|
| 02/05/10 | 02/10/10 | 5,000,000.00 | Virginia College Bldg Auth VA (BAB)* | 5.750% | 02/01/30 | 5.760% | Aa1/AA+ |
| 02/10/10 | 02/18/10 | 20,720,000.00 | Hawaii St (BAB)* | 5.510% | 02/01/29 | 5.464% | Aa2/AA |
| 02/10/10 | 02/18/10 | 10,500,000.00 | Hawaii St (BAB)* | 5.530% | 02/01/30 | 5.484% | Aa2/AA |
| 02/11/10 | 02/24/10 | 11,525,000.00 | Virginia St Pub Bldg Auth (BAB)* | 5.750% | 08/01/30 | 5.900% | Aa1/AA+ |
| Subtotal: | | 73,790,000.00 | 7 tem(s) | | | | |

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| Total Tax. Muni: | 102,115,000.00 | 9 item(s) |
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MBS/AGENCY CMBS:

Conning:

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|-----------|----------|----------------|----------------------|--------|----------|--------|---------|
| 02/22/10 | 02/26/10 | 25,000,000.00 | FNMA MBS, FN AD1045 | 4.500% | 02/01/40 | 4.352% | Aaa/AAA |
| 03/02/10 | 03/16/10 | 28,855,846.51 | FNMA MBS, FN AD1609 | 4.000% | 02/01/25 | 3.500% | Aaa/AAA |
| 03/02/10 | 03/16/10 | 22,053,819.93 | FHLMC MBS, FG J11559 | 4.000% | 01/01/25 | 3.519% | Aaa/AAA |
| 03/03/10 | 03/11/10 | 24,765,358.00 | FHLMC MBS, FG G05774 | 5.000% | 01/01/40 | 4.132% | Aaa/AAA |
| 03/24/10 | 04/13/10 | 20,241,065.03 | FNMA MBS, FN AD4288 | 5.000% | 04/01/40 | 4.244% | Aaa/AAA |
| 03/25/10 | 04/13/10 | 11,269,126.09 | FHLMC MBS, FG A91570 | 5.000% | 03/01/40 | 4.332% | Aaa/AAA |
| Subtotal: | | 132,185,215.56 | 6 item(s) | | | | |

GR-NEAM:

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|-----------|----------|----------------|------------------------------|--------|----------|--------|---------|
| 02/05/10 | 03/30/10 | 13,500,000.00 | GNMA AGY CMBS, GNR 2010-28 C | 4.450% | 07/16/34 | 4.864% | Aaa/AAA |
| 02/05/10 | 03/30/10 | 16,000,000.00 | GNMA AGY CMBS, GNR 2010-28 B | 4.391% | 12/16/28 | 4.291% | Aaa/AAA |
| 02/08/10 | 02/17/10 | 35,000,000.00 | FHLMC MBS, FG G13765 | 4.500% | 01/01/25 | 3.325% | Aaa/AAA |
| 02/08/10 | 02/17/10 | 50,000,000.00 | FNMA MBS, FN AD0778 | 4.500% | 01/01/25 | 3.280% | Aaa/AAA |
| 02/08/10 | 02/17/10 | 15,000,000.00 | FNMA MBS, FN AD0778 | 4.500% | 01/01/25 | 3.280% | Aaa/AAA |
| 02/22/10 | 03/18/10 | 39,892,238.00 | GNMA MBS, GN 782888 | 5.000% | 02/15/40 | 4.022% | Aaa/AAA |
| 02/22/10 | 03/18/10 | 39,892,237.60 | GNMA MBS, GN 782889 | 5.000% | 02/15/40 | 4.022% | Aaa/AAA |
| 03/09/10 | 03/12/10 | 15,055,737.00 | FNMA MBS, MC0254 | 4.500% | 03/01/40 | 4.101% | Aaa/AAA |
| 03/23/10 | 04/19/10 | 45,000,000.00 | FNMA MBS, 15 YR 4.5 | 4.500% | 04/25/24 | 3.348% | Aaa/AAA |
| Subtotal: | | 269,340,212.60 | 9 item(s) | | | | |

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| Total MBS/Agency CMBS: | 401,525,428.16 | 15 item(s) |
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| CONNING TOTAL PURCHASES: | 260,510,215.56 | 12 item(s) |
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| GR-NEAM TOTAL PURCHASES: | 543,130,212.60 | 21 item(s) |
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| GRAND TOTAL PURCHASES: | 803,640,428.16 | 33 item(s) |
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| Trade Date | Settle Date | Current Face | Description | Coupon Rate | Maturity Date | Trade Yield | Rating |
|------------|-------------|--------------|-------------|-------------|---------------|-------------|--------|
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SALES:

CMO:

Conning:

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|-----------|----------|---------------|---------------------------|--------|----------|--------|---------|
| 03/02/10 | 03/05/10 | 8,886,566.03 | FNMA CMO, FNR 2003-117 XF | 0.579% | 08/25/33 | 0.700% | Aaa/AAA |
| 03/02/10 | 03/05/10 | 15,290,189.25 | FNMA CMO, FNR 2006-49 PF | 0.479% | 04/25/36 | 0.701% | Aaa/AAA |
| 03/02/10 | 03/05/10 | 7,192,404.41 | FNMA CMO, FNR 2005-73 DF | 0.479% | 08/25/35 | 0.876% | Aaa/AAA |
| 03/02/10 | 03/05/10 | 17,818,315.50 | FHLMC CMO, FHR 2779 FX | 0.581% | 01/15/33 | 0.686% | Aaa/AAA |
| 03/02/10 | 03/05/10 | 3,808,841.70 | FHLMC CMO, FHR 2779 FX | 0.581% | 01/15/33 | 0.686% | Aaa/AAA |
| Subtotal: | | 52,996,316.89 | 5 item(s) | | | | |

GR-NEAM:

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|-----------|----------|---------------|-----------------------|--------|----------|--------|---------|
| 03/01/10 | 03/03/10 | 9,329,259.50 | FHLMC CMO, 2812 MF | 0.681% | 06/15/34 | 0.801% | Aaa/AAA |
| 03/01/10 | 03/03/10 | 9,572,865.60 | FNMA CMO, 06-20 BF | 0.639% | 04/25/36 | 0.813% | Aaa/AAA |
| 03/02/10 | 03/05/10 | 16,290,966.50 | FNMA CMO, 06-16 FC | 0.529% | 03/25/36 | 0.786% | Aaa/AAA |
| 03/01/10 | 03/04/10 | 6,929,436.22 | FNMA CMO, 2005-103 EF | 0.529% | 11/25/35 | 0.651% | Aaa/AAA |
| 03/01/10 | 03/04/10 | 4,712,645.55 | FNMA CMO, 05-123 FX | 0.679% | 07/25/34 | 0.883% | Aaa/AAA |
| Subtotal: | | 46,835,173.37 | 5 item(s) | | | | |

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| Total CMO: | 99,831,490.26 | 10 item(s) |
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CORPORATE:

GR-NEAM:

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| 02/18/10 | 02/23/10 | 5,000,000.00 | Air Products & Chemicals | 4.150% | 02/01/13 | 2.672% | A3/A |
| 03/01/10 | 03/04/10 | 5,000,000.00 | Air Products & Chemicals | 4.150% | 02/01/13 | 2.534% | A3/A |
| 03/03/10 | 03/08/10 | 3,000,000.00 | Air Products & Chemicals | 4.150% | 02/01/13 | 2.424% | A3/A |
| 03/09/10 | 03/12/10 | 1,000,000.00 | Air Products & Chemicals | 4.150% | 02/01/13 | 2.403% | A3/A |
| 03/12/10 | 03/17/10 | 5,830,000.00 | Air Products & Chemicals | 4.150% | 02/01/13 | 2.498% | A3/A |
| Subtotal: | | 19,830,000.00 | 5 item(s) | | | | |

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| Total Corporate: | 19,830,000.00 | 5 item(s) |
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Conning Total

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|---------------|----------------------|------------------|
| Sales: | 52,996,316.89 | 5 item(s) |
|---------------|----------------------|------------------|

GR-NEAM Total

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|---------------|----------------------|-------------------|
| Sales: | 66,665,173.37 | 10 item(s) |
|---------------|----------------------|-------------------|

GRAND TOTAL

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|---------------|-----------------------|-------------------|
| SALES: | 119,661,490.26 | 15 item(s) |
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* BAB – Build America Bonds

MOTION: To ratify the bond transactions.