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Date: January 5, 2009

AGENDA ITEM 14

TO: MEMBERS OF THE BOARD OF DIRECTORS

- I. SUBJECT: RATIFICATION OF INVESTMENT TRANSACTIONS**
- II. PROGRAM: FISCAL & INVESTMENT SERVICES**
- III. RECOMMENDATION: RECOMMENDATION TO BOARD OF DIRECTORS TO RATIFY THE INVESTMENT TRANSACTIONS FROM AUGUST 1, 2008 TO SEPTEMBER 30, 2008.**

IV. ANALYSIS:
The bond transactions for the period of October 1, 2008 to November 30, 2008 are attached as Item 14A. There were no short term investment transactions as confirmed on attachment 14B. The current investments no longer in compliance with State Fund's Investment Policy are listed in the Compliance Report, Attachment 14C. We recommend the Board of Directors ratify the investment transactions for the period of October 1, 2008 to November 30, 2008.

V. RESULTS/COSTS:
Reporting on the Investment Transactions fulfills a responsibility of Fiscal & Investment Services and the Investment Committee.

LESLIE DAWE, Fiscal and Investment
Services Manager

Attachments

BOARD OF DIRECTORS MEETING (OPEN)

AGENDA ITEM 14a

ATTACHMENT 14A-I

RATIFICATION OF BOND TRANSACTIONS FOR OCTOBER 1, 2008 TO
NOVEMBER 30, 2008

PRESENTED BY: Leslie Dawe

January 16, 2009

BOND TRANSACTIONS

Sixty-eight transactions were consummated during the period from October 1, 2008 to November 30, 2008.

| Trade Date | Settlement Date | Current Face | Description | Coupon Rate | Maturity Date | Yield | Rating |
|--------------------------------|-----------------|-----------------------|-----------------------------------|-------------|---------------|--------|---------|
| <u>PURCHASES:</u> | | | | | | | |
| <u>Government:</u> | | | | | | | |
| 11/12/08 | 11/17/08 | 50,000,000.00 | U.S. Treasury Notes | 2.750% | 10/31/13 | 2.427% | Aaa/AAA |
| 11/13/08 | 11/17/08 | 25,000,000.00 | U.S. Treasury Notes | 1.750% | 11/15/11 | 1.541% | Aaa/AAA |
| 11/13/08 | 11/17/08 | 25,000,000.00 | U.S. Treasury Notes | 3.750% | 11/15/18 | 3.815% | Aaa/AAA |
| Total | | | | | | | |
| Government: | | 100,000,000.00 | 3 item(s) | | | | |
| <u>Agency:</u> | | | | | | | |
| 11/19/08 | 11/24/08 | 20,000,000.00 | Province of British Columbia | 4.300% | 05/30/13 | 3.377% | Aaa/AAA |
| Total Agency: | | 20,000,000.00 | 1 item(s) | | | | |
| <u>Mortgage-Backed:</u> | | | | | | | |
| 10/01/08 | 10/22/08 | 26,496,592.57 | GNMA Pool, GN 4244 | 5.500% | 09/20/38 | 5.496% | Aaa/AAA |
| 10/01/08 | 10/22/08 | 12,208,225.79 | GNMA Pool, G2 4221 | 5.500% | 08/20/38 | 5.495% | Aaa/AAA |
| 10/01/08 | 10/22/08 | 9,585,906.10 | GNMA Pool, G2 4194 | 5.500% | 07/20/38 | 5.494% | Aaa/AAA |
| 10/02/08 | 10/22/08 | 34,636,453.00 | GNMA Pool, G2 4048 | 5.500% | 11/20/37 | 5.461% | Aaa/AAA |
| 10/02/08 | 10/22/08 | 14,021,720.91 | GNMA Pool, G2 4143 | 5.000% | 05/20/38 | 5.341% | Aaa/AAA |
| 10/06/08 | 10/14/08 | 43,986,326.61 | FHLMC Pool, FG A77193 | 5.500% | 05/01/38 | 5.396% | Aaa/AAA |
| 10/06/08 | 10/30/08 | 11,000,000.00 | GNMA Project Loans, GNR 2008-86 C | 5.250% | 10/16/36 | 5.498% | Aaa/AAA |
| 10/06/08 | 10/30/08 | 50,000,000.00 | GNMA Project Loans, GNR 2008-86 C | 5.250% | 10/16/36 | 5.498% | Aaa/AAA |
| 10/07/08 | 10/22/08 | 49,827,142.00 | GNMA Pool, G2 4221 | 5.500% | 08/20/38 | 5.336% | Aaa/AAA |
| 10/07/08 | 10/22/08 | 39,363,442.18 | GNMA Pool, G2 4221 | 5.500% | 08/20/38 | 5.336% | Aaa/AAA |
| 10/08/08 | 10/22/08 | 15,706,705.04 | GNMA Pool, G2 4244 | 5.500% | 09/20/38 | 5.433% | Aaa/AAA |
| 10/10/08 | 10/22/08 | 49,919,486.00 | GNMA Pool, G2 4245 | 6.000% | 09/20/38 | 5.971% | Aaa/AAA |
| 10/14/08 | 10/22/08 | 15,435,150.06 | GNMA Pool, GN 677224 | 5.500% | 08/15/38 | 5.862% | Aaa/AAA |
| 10/17/08 | 10/22/08 | 45,619,105.50 | FHLMC Pool, FG G03092 | 5.500% | 07/01/37 | 5.764% | Aaa/AAA |
| 10/17/08 | 10/22/08 | 9,123,821.10 | FHLMC Pool, FG G03092 | 5.500% | 07/01/37 | 5.764% | Aaa/AAA |
| 10/16/08 | 10/30/08 | 50,000,000.00 | GNMA Project Loans, GNR 2008-78 D | 5.250% | 01/16/41 | 6.196% | Aaa/AAA |
| 10/23/08 | 10/30/08 | 10,870,733.07 | FHLMC Pool, FG A82245 | 5.500% | 10/01/38 | 5.490% | Aaa/AAA |
| 10/23/08 | 10/28/08 | 19,779,000.00 | FHLMC CMO, FHR 3320 TC | 5.500% | 10/15/32 | 5.558% | Aaa/AAA |
| 10/23/08 | 10/28/08 | 49,146,732.00 | FHLMC CMO, FHR 3047 CI | 5.500% | 03/15/35 | 5.592% | Aaa/AAA |
| 10/23/08 | 10/30/08 | 20,420,303.67 | FHLMC Pool, FG A72439 | 5.500% | 01/01/38 | 5.486% | Aaa/AAA |
| 10/24/08 | 10/30/08 | 35,128,846.14 | FHLMC Pool, FG A78118 | 5.500% | 06/01/38 | 5.614% | Aaa/AAA |
| 10/24/08 | 10/30/08 | 31,276,083.70 | FHLMC Pool, FG A76901 | 5.500% | 05/01/38 | 5.614% | Aaa/AAA |
| 10/24/08 | 10/30/08 | 25,162,141.47 | FHLMC Pool, FG A77072 | 5.500% | 05/01/38 | 5.614% | Aaa/AAA |
| 10/24/08 | 10/30/08 | 34,711,056.31 | FHLMC Pool, FG A76899 | 5.500% | 05/01/38 | 5.619% | Aaa/AAA |

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|----------|----------|---------------|-----------------------------------|--------|----------|--------|---------|
| 10/27/08 | 10/30/08 | 20,000,000.00 | FNMA CMO, FNR 2006-53 PC | 5.500% | 10/25/32 | 5.726% | Aaa/AAA |
| 10/30/08 | 11/19/08 | 44,355,382.88 | GNMA Pool, GN 688022 | 6.000% | 10/15/38 | 6.050% | Aaa/AAA |
| 10/30/08 | 11/19/08 | 39,629,914.86 | GNMA Pool, GN 699113 | 6.000% | 09/15/38 | 6.062% | Aaa/AAA |
| 11/05/08 | 11/13/08 | 20,550,918.73 | FHLMC Pool, FG A76898 | 5.500% | 05/01/38 | 5.491% | Aaa/AAA |
| 11/10/08 | 11/13/08 | 20,267,647.64 | FHLMC Pool, FG A76900 | 5.500% | 05/01/38 | 5.555% | Aaa/AAA |
| 11/07/08 | 11/19/08 | 11,915,325.96 | GNMA Pool, G2 4194 | 5.500% | 07/20/38 | 5.484% | Aaa/AAA |
| 11/12/08 | 11/26/08 | 18,758,701.00 | FHLMC Pool, FG A82981 | 5.500% | 11/01/38 | 5.468% | Aaa/AAA |
| 11/14/08 | 11/19/08 | 49,374,509.50 | GNMA Pool, G2 4169 | 5.500% | 06/20/38 | 5.455% | Aaa/AAA |
| 11/17/08 | 11/26/08 | 50,000,000.00 | GNMA Pool, G2 4290 | 5.500% | 11/20/38 | 5.500% | Aaa/AAA |
| 11/17/08 | 11/26/08 | 30,000,000.00 | GNMA Pool, G2 4290 | 5.500% | 11/20/38 | 5.500% | Aaa/AAA |
| 11/18/08 | 11/26/08 | 46,900,000.00 | GNMA Project Loans, GNR 2008-92 D | 5.223% | 06/16/40 | 6.100% | Aaa/AAA |

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| Total Mortgage-Backed: | 1,055,177,373.79 | 35 item(s) |
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Taxable Municipal:

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|----------|----------|---------------|-------------------------------------|--------|----------|--------|---------|
| 11/19/08 | 11/24/08 | 7,007,000.00 | Southern Ca. Public Power Authority | 6.930% | 05/15/17 | 5.010% | Aaa/AAA |
| 11/20/08 | 11/25/08 | 10,000,000.00 | Southern Ca Public Power Authority | 6.930% | 05/15/17 | 4.910% | Aaa/AAA |
| 11/24/08 | 11/25/08 | 17,000,000.00 | Southern Ca Public Power Authority | 6.930% | 05/15/17 | 5.154% | Aaa/AAA |

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|---------------------------------|----------------------|------------------|
| Total Taxable Municipal: | 34,007,000.00 | 3 item(s) |
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| TOTAL PURCHASES: | 1,209,184,373.79 | 42 item(s) |
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SALES:**Agency:**

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|----------|----------|---------------|-------------|--------|----------|--------|---------|
| 10/01/08 | 10/06/08 | 25,000,000.00 | FHLMC Notes | 5.500% | 08/20/12 | 3.651% | Aaa/AAA |
| 10/06/08 | 10/09/08 | 50,000,000.00 | FHLMC Notes | 4.750% | 03/05/12 | 3.208% | Aaa/AAA |
| 10/06/08 | 10/09/08 | 50,000,000.00 | FNMA Notes | 4.875% | 05/18/12 | 3.294% | Aaa/AAA |
| 10/07/08 | 10/10/08 | 50,000,000.00 | FHLMC Notes | 5.125% | 11/17/17 | 4.387% | Aaa/AAA |
| 10/10/08 | 10/16/08 | 50,000,000.00 | FHLMC Notes | 5.500% | 09/15/11 | 3.455% | Aaa/AAA |
| 10/15/08 | 10/16/08 | 50,000,000.00 | FHLB Notes | 4.875% | 11/18/11 | 4.177% | Aaa/AAA |
| 10/15/08 | 10/20/08 | 25,000,000.00 | FHLMC Notes | 5.500% | 09/15/11 | 3.731% | Aaa/AAA |
| 10/16/08 | 10/21/08 | 25,000,000.00 | FHLMC Notes | 4.500% | 01/15/13 | 4.064% | Aaa/AAA |
| 10/20/08 | 10/23/08 | 25,000,000.00 | FHLMC Notes | 6.000% | 06/15/11 | 3.762% | Aaa/AAA |
| 10/21/08 | 10/24/08 | 50,000,000.00 | FHLMC Notes | 6.000% | 06/15/11 | 3.625% | Aaa/AAA |
| 10/21/08 | 10/24/08 | 10,000,000.00 | FHLMC Notes | 6.000% | 06/15/11 | 3.625% | Aaa/AAA |
| 10/21/08 | 10/24/08 | 50,000,000.00 | FHLMC Notes | 5.125% | 08/23/10 | 3.304% | Aaa/AAA |
| 10/21/08 | 10/24/08 | 25,000,000.00 | FHLMC Notes | 5.125% | 08/23/10 | 3.244% | Aaa/AAA |
| 10/22/08 | 10/27/08 | 25,000,000.00 | FNMA Notes | 6.625% | 11/15/10 | 3.071% | Aaa/AAA |
| 10/24/08 | 10/29/08 | 25,000,000.00 | FNMA Notes | 6.625% | 11/15/10 | 3.047% | Aaa/AAA |
| 10/27/08 | 10/30/08 | 30,000,000.00 | FNMA Notes | 4.500% | 02/15/11 | 3.422% | Aaa/AAA |
| 10/30/08 | 11/04/08 | 25,000,000.00 | FNMA Notes | 5.500% | 03/15/11 | 3.323% | Aaa/AAA |
| 10/30/08 | 11/04/08 | 50,000,000.00 | FHLB Notes | 4.625% | 10/10/12 | 4.176% | Aaa/AAA |
| 11/04/08 | 11/07/08 | 50,000,000.00 | FNMA Notes | 4.375% | 09/13/10 | 2.890% | Aaa/AAA |
| 11/12/08 | 11/13/08 | 20,000,000.00 | FNMA Notes | 6.625% | 09/15/09 | 2.120% | Aaa/AAA |

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|----------|----------|---------------|-------------|--------|----------|--------|---------|
| 11/14/08 | 11/19/08 | 50,000,000.00 | FNMA Notes | 4.375% | 09/15/12 | 3.581% | Aaa/AAA |
| 11/17/08 | 11/20/08 | 50,000,000.00 | FHLB Notes | 5.750% | 08/15/11 | 3.377% | Aaa/AAA |
| 11/17/08 | 11/20/08 | 50,000,000.00 | FHLMC Notes | 5.125% | 07/15/12 | 3.579% | Aaa/AAA |

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| Total Agency: | 860,000,000.00 | 23 item(s) |
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Corporate:

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| 10/01/08 | 10/06/08 | 5,000,000.00 | American International Group (AIG) | 5.450% | 05/18/17 | 16.533% | A2/A- |
| 11/10/08 | 11/14/08 | 10,000,000.00 | American International Group (AIG) | 5.450% | 05/18/17 | 14.289% | A3/A- |
| 11/12/08 | 11/17/08 | 10,000,000.00 | American International Group (AIG) | 5.450% | 05/18/17 | 14.521% | A3/A- |

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| Total Corporate: | 25,000,000.00 | 3 item(s) |
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| TOTAL SALES: | 885,000,000.00 | 26 item(s) |
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MOTION: To ratify.