

BOARD OF DIRECTORS MEETING (OPEN)

AGENDA ITEM 16C

ATTACHMENT 16C-I

APPROVAL OF COMPLIANCE REPORT FOR DECEMBER 1, 2008 TO  
JANUARY 31, 2009

PRESENTED BY: Jay Stewart

March 13, 2009



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Date: March 2, 2009

## **AGENDA ITEM 16**

**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 DECEMBER 1, 2008 TO JANUARY 31, 2009.**

**IV. ANALYSIS:**  
The bond transactions for the period of December 1, 2008 to January 31, 2009 are attached as Item 16A. There were no short term investment transactions as confirmed on attachment 16B. The current investments no longer in compliance with State Fund's Investment Policy are listed in the Compliance Report, Attachment 16C. We recommend the Board of Directors ratify the investment transactions for the period of December 1, 2008 to January 31, 2008.

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

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LESLIE DAWE, Fiscal and Investment  
Services Manager

Attachments

COMPLIANCE REPORT

As of January 31, 2009

The following is a list of securities currently not in compliance with State Fund's Investment Policy. State Fund's Investment Policy is reviewed annually by the Investment Committee and approved by the Board of Directors.

Description	Current Face	Maturity Date	Coupon Rate	Book Yield	Rating	Reason for Out of Compliance
<b><u>Long-term Investments</u></b>						
<b><u>Corp. Bonds Rated Below A</u></b>						
Intl Lease Finance Corp.	10,000,000.00	07/01/09	4.750%	5.330%	Baa1/BBB+	Rating below standard *
American General Finance	10,000,000.00	09/15/12	5.900%	5.950%	Baa1/BBB	Rating below standard *
American General Finance	10,000,000.00	09/15/16	5.750%	5.560%	Baa1/BBB	Rating below standard *
CIT Group, Inc.	10,000,000.00	12/15/10	4.750%	4.490%	Baa2/BBB+	Rating below standard *
CIT Group, Inc.	15,000,000.00	02/13/14	5.000%	4.760%	Baa2/BBB+	Rating below standard *
CIT Group, Inc.	20,000,000.00	09/30/14	5.125%	5.090%	Baa2/BBB+	Rating below standard *
CIT Group, Inc.	10,000,000.00	02/13/17	5.650%	5.700%	Baa2/BBB+	Rating below standard *
Fifth Third Bancorp	34,000,000.00	06/01/18	4.500%	4.530%	A3/BBB+	Rating below standard *
Johnson Controls, Inc.	40,000,000.00	09/15/13	4.875%	4.640%	Baa1/BBB	Rating below standard *
LCOR Alexandria, LLC	8,328,966.00	09/15/19	6.625%	5.370%	Baa1/AA	Rating below standard *
Lehman Brothers Holdings	20,000,000.00	12/23/10	3.011%	0.000%	WR/D	Rating below standard*
Lehman Brothers Holdings	45,000,000.00	03/13/14	4.800%	0.000%	WR/D	Rating below standard*
Lehman Brothers Holdings	10,000,000.00	01/24/13	5.625%	0.000%	WR/NA	Rating below standard*
Lehman Brothers Holdings	10,000,000.00	09/26/14	6.200%	0.000%	WR/D	Rating below standard*
Lehman Brothers Holdings	10,000,000.00	08/15/10	7.875%	0.000%	WR/D	Rating below standard*
M&I Marshall & Ilsley Bk	20,500,000.00	01/17/17	5.000%	5.040%	A1/BBB+	Rating below standard*
M&I Marshall & Ilsley Bk	8,100,000.00	09/04/12	5.250%	4.530%	A1/BBB+	Rating below standard*
<b>Total: Bonds Rated Below A 290,928,966.00 17 item (s)</b>						

\* In compliance at the time of purchase.

MOTION: To ratify.