



333 Bush Street, Suite 800  
San Francisco, CA 94104  
(415) 263-5400  
www.statefundca.com

Date: November 7, 2011

**AGENDA ITEM 3 a, b**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT: APPROVAL OF INVESTMENT TRANSACTIONS**
- II. PROGRAM: TREASURY and INVESTMENTS**
- III. RECOMMENDATION: RECOMMENDATION TO INVESTMENT COMMITTEE TO APPROVE AND RATIFY THE INVESTMENT TRANSACTIONS FROM AUGUST 1, 2011 TO SEPTEMBER 30, 2011.**

**IV. ANALYSIS:**

The bond transactions for the period of August 1, 2011 to September 30, 2011 are attached as Item 3a. The current investments no longer in compliance with State Fund's Investment Policy are listed in the Compliance Report, Attachment 3b. We request the Investment Committee's approval and ratification of these investment transactions. These reports are also attached as Item 9ci on the agenda of the Full Board meeting.

**V. RESULTS/COSTS:**

Reporting on the Investment Transactions fulfills a responsibility of the Treasury and Investments Department.

---

STEPHANIE CHAN, Treasury and  
Investments Program Manager

Attachments

## COMPLIANCE REPORT

As of September 30, 2011

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.

Footnotes	Description	Current Face	Maturity Date	Coupon Rate	Book Yield	Rating	Portfolio Manager
<b><u>Long-term Investments</u></b>							
<b><u>Tax. Muni Rated Below A-</u></b>							
1, 2	Oglethorpe GA Power Corp.	15,000,000.00	01/01/35	5.534%	5.535%	Baa1/A	Conning
<b>Total: Tax Muni Rated Below A-</b>		<b>15,000,000.00</b>	<b>1 item(s)</b>				
<b><u>Bonds Not Rated</u></b>							
1, 3	Oregon State	25,000,000.00	06/01/16	5.305%	4.441%	NA/NR	Conning
<b>Total: Bonds Not Rated</b>		<b>25,000,000.00</b>	<b>1 item(s)</b>				

- (1) This bond rated below A was in compliance with our investment guidelines at the time of purchase.
- (2) Fitch no longer rates this security effective 9/30/11. Additionally, the Baa1 rating from Moody's reflects the financial strength rating of NATL-RE FGIC, as the rating agency does not rate the underlying credit.
- (3) Oregon State bond was initially rated AAA based on the financial strength of insurance enhancement, but subsequently the ratings were withdrawn. We own other Oregon State bonds in the portfolio and the underlying ratings for all the State of Oregon bonds are Aa1/AA+. State Fund filed and received an NAIC 1 designation from SVO for this bond on 12/30/09.

MOTION: To approve and ratify the transactions described on this list.