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Date: March 2, 2009

## **AGENDA ITEM 8**

**TO: MEMBERS OF THE INVESTMENT COMMITTEE**

- I. SUBJECT: APPROVAL 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 10a. There were no short term investment transactions as confirmed on attachment 10b. The current investments no longer in compliance with State Fund's Investment Policy are listed in the Compliance Report, Attachment 10c. We request the Investment Committee's approval of these investment transactions and their recommendation to the Board of Directors to ratify the transactions.

**V. RESULTS/COSTS:**

Reporting on the Investment Transactions fulfills a responsibility of Fiscal & Investment Services.

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LESLIE DAWE, Fiscal and Investment  
Services Manager

Attachments

INVESTMENT COMMITTEE MEETING (OPEN)

AGENDA ITEM 8

ATTACHMENT 8A-I

BOND TRANSACTIONS FOR DECEMBER 1, 2008 TO JANUARY 31, 2009

PRESENTED BY: Leslie Dawe

March 12, 2009

BOND TRANSACTIONS

Twenty-nine transactions were consummated during the period from December 1, 2008 to  
January 31, 2009.

Trade Date	Settlement Date	Current Face	Description	Coupon Rate	Maturity Date	Yield	Rating
<b>PURCHASES:</b>							
<b>Agency:</b>							
01/13/09	01/21/09	50,000,000.00	Province of Ontario	2.625%	01/20/12	2.645%	Aa1/AA
01/23/09	01/28/09	12,383,000.00	Province of Ontario	4.750%	01/19/16	4.021%	Aa1/AA
<b>Total Agency:</b>		<b>62,383,000.00</b>	<b>2 item(s)</b>				
<b>Mortgage-Backed:</b>							
01/06/09	01/09/09	13,087,132.00	FHLMC CMO, FHR 2895 AH	5.000%	04/15/32	4.378%	Aaa/AAA
01/07/09	01/13/09	9,957,408.60	FHLMC Pool, FG G05101	5.000%	12/01/38	4.165%	Aaa/AAA
01/09/09	01/13/09	14,007,329.91	FNMA Pool, FN AA0844	5.500%	12/01/38	3.630%	Aaa/AAA
01/12/09	02/13/09	12,454,811.23	FNMA Pool, FN 950833	6.000%	11/01/37	2.301%	Aaa/AAA
01/26/09	02/13/09	19,947,324.94	FHLMC Pool, FG G08330	4.500%	01/01/39	4.204%	Aaa/AAA
01/28/09	02/13/09	18,130,981.38	FHLMC Pool, FG A41798	5.000%	01/01/36	3.768%	Aaa/AAA
01/30/09	02/04/09	11,450,000.00	GNMA Project Loans, GNR 2009-3 B	4.300%	10/16/37	5.018%	Aaa/AAA
01/30/09	02/26/09	22,000,000.00	GNMA Project Loans, GNR 2009-4 B	5.000%	10/16/40	5.050%	Aaa/AAA
<b>Total Mortgage-Backed:</b>		<b>121,034,988.06</b>	<b>8 item(s)</b>				
<b>TOTAL PURCHASES:</b>		<b>183,417,988.06</b>	<b>10 item(s)</b>				

**SALES:****Corporate:**

12/03/08	12/08/08	5,000,000.00	United Technologies Corporation	7.125%	11/15/10	4.452%	A2/A
12/03/08	12/08/08	5,000,000.00	JP Morgan Chase & Company	6.000%	02/15/10	6.263%	Aa3/A+
12/04/08	12/09/08	15,000,000.00	Pfizer, Inc.	4.500%	02/15/11	3.742%	Aa1/AAA
12/05/08	12/10/08	15,000,000.00	Wachovia Corporation	6.150%	03/15/10	6.632%	A2/A
12/05/08	12/10/08	20,000,000.00	Bank of America Corporation	3.375%	02/17/10	4.890%	Aa2/AA-
12/08/08	12/11/08	10,000,000.00	Bank of America Corporation	7.800%	02/15/11	5.970%	Aa3/A+
12/08/08	12/11/08	20,000,000.00	Wells Fargo Bank, NA	6.450%	02/01/11	5.680%	Aa1/AA+
12/08/08	12/11/08	15,000,000.00	Bank of America Corporation	5.875%	02/15/10	5.314%	Aa2/AA-

**Attachment 8A-1 page 2**

12/10/08	12/15/08	10,000,000.00	Wells Fargo Bank, NA	4.750%	02/09/15	5.956%	Aa1/AA+
12/10/08	12/15/08	5,000,000.00	Pfizer, Inc.	4.500%	02/15/14	3.740%	Aa1/AAA
12/10/08	12/15/08	30,000,000.00	MBIA, Inc.	5.700%	12/01/34	16.438%	Ba1/A-
12/11/08	12/16/08	10,000,000.00	Wachovia Bank, NA	7.800%	08/18/10	7.724%	Aa3/A+
12/17/08	12/22/08	10,000,000.00	Wells Fargo & Company	4.950%	10/16/13	5.455%	Aa2/AA

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12/18/08	12/23/08	5,000,000.00	Pfizer, Inc.	4.500%	02/15/14	3.315%	Aa1/AAA
12/18/08	12/23/08	5,000,000.00	Bank of America Corporation	6.000%	09/01/17	5.729%	Aa2/AA-
12/23/08	12/29/08	10,000,000.00	Pfizer, Inc.	4.500%	02/15/14	3.427%	Aa1/AAA
01/06/09	01/09/09	5,000,000.00	Pfizer, Inc.	4.500%	02/15/14	3.657%	Aa1/AAA
01/14/09	01/20/09	10,000,000.00	Pfizer, Inc.	4.500%	02/15/14	3.309%	Aa1/AAA
01/15/09	01/21/09	7,110,000.00	Pfizer, Inc.	4.500%	02/15/14	3.289%	Aa1/AAA

<b>Total Corporate:</b>	<b>212,110,000.00</b>	<b>19 item(s)</b>
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<b>TOTAL SALES:</b>	<b>212,110,000.00</b>	<b>19 item(s)</b>
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MOTION: To approve and recommend ratification.

INVESTMENT COMMITTEE MEETING (OPEN)

AGENDA ITEM 8

ATTACHMENT 8B-I

SHORT-TERM INVESTMENT TRANSACTIONS FOR DECEMBER 1, 2008 TO  
JANUARY 31, 2009

PRESENTED BY: Leslie Dawe

March 12, 2009

SHORT-TERM INVESTMENT TRANSACTIONS

There were no transactions in the period from December 1, 2008 to January 31, 2009.

MOTION: To approve and recommend ratification.

INVESTMENT COMMITTEE MEETING (OPEN)

AGENDA ITEM 8

ATTACHMENT 8C-I

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

PRESENTED BY: Leslie Dawe

March 12, 2009

**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 approve and recommend ratification.