

CASH MANAGEMENT AND INVESTMENT OVERSIGHT COMMISSION
December 7, 2018
Regular Meeting
Minutes

The one hundredth meeting of the Cash Management and Investment Oversight Commission (CMIOC), a Regular Meeting, held on December 7, 2018, 10:00 a.m., in the Oasis Conference room located at 5005 N. Lincoln Blvd., Oklahoma City, OK.

Roll Call:

Members Present:

Ms. Lynne Bajema, (Chair) State Comptroller, OMES
Ms. Laura Swingle, (Vice-Chair) Business Manager, Securities Commission
Mr. Thom McGuire, CPA (Ardmore, OK)
Mr. Steven Hawkins, Budget Director, Oklahoma Banking Dept.

Members Absent:

None

Others Attending:

Mr. Billy Swindell, SAI
Mr. Charles Hover, OST
Mr. Craig Sanger, OST
Ms. Lisa Hodges, SAI
Ms. Lisa Murray, OST
Ms. Lyn Martin-Diehl, Assistant Attorney General
Ms. Kiranmaye Nallayahgari, OST
Ms. Stephanie Brown, Committee Secretary, OMES
Ms. Susan Nicewander, Deputy Treasurer, OST

Item 1

Chair Bajema called the meeting to order. Ms. Brown confirmed the agenda was posted on the House and Senate committee notification boards and all other requirements were met according to statute.

Item 2

Ms. Bajema declared a quorum present. Members Present: Laura Swingle, Lynne Bajema, Steve Hawkins and Thom McGuire.

Item 3

Ms. Bajema moved to approve the minutes of the September 21, 2018 meeting. There was one suggested correction to add Edward Romero as an attendee. The amended minutes were approved with the addition of Mr. Romero as an attendee.

Item 4

Chair Bajema confirmed that the reports were received from the State Treasurer's office and that a meeting of the Executive Review Committee was not necessary this quarter. No action taken.

Item 5

Susan Nicewander, Deputy Treasurer for OST provided an update from the State Treasurers' Office. Ms. Nicewander stated that the Tobacco Settlement Endowment Trust Fund audit has been completed. The draft statements were submitted and [OST] is in the midst of their audit. Treasurer Miller will be taking [an] appointment in the private sector so there will be a new Treasurer [effective] January 1st. Ms. Nicewander will retire at the end of December 2018.

Lisa Murray with the Treasurer's office reported that in September thru November, a total of 36 new securities were purchased totaling \$1.1 billion with an average yield-to-maturity at cost of 3.15%. This was in comparison to \$270.5 million in securities maturing, during the same time frame. As of the first of December, 42% of the agency bullet portfolio will mature by the end of FY19 and will allow excess funds to be reinvested at higher interest earnings. The portfolio interest earnings for General Revenue was projected to be \$87 million for FY19 and \$115 million for FY20. The average monthly overnight liquidity for July-November was \$503 million. The most recent investable base was \$5.7 billion and total portfolio yield was 2.20%.

Item 6

At the September 21st 2018, CMIO meeting, Mr. McGuire proposed a question regarding CLO's June 30th quarterly report as to, the returns on cash as compared to the Treasurers' returns on cash. Mr. Romero's e-mailed response was, "The CLO has an Investment Committee that reviews the investments and makes recommendations to the Commissioners of the Land Commission. The Committee hired an Investment Consultant that provides recommendations on which managers to the CLO should hire as well as review of investment manager performance to the Committee. With this the Committee is committed to spreading risk by diversifying the portfolio between equity and fixed income securities and between different manager styles. JP Morgan's current returns may be less than the OST returns, but JP Morgan's investment strategy is still consistent for the purposes for why they were hired by the CLO. Their performance may not be where we would like, but they still provide interest income for distributions to schools."

The committee further discussed the quarterly financial reports ending September 2018 for the Commissioners of the Land Office. No action was taken.

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Item 7

The Treasurer's office presented the current annual report with the proposed updates behind the standard format. Graphical representations have been added and no components have been removed. The changes will go from reporting partial portfolio to reporting the portfolio in its entirety to be released monthly and annually. The previous document only reported what was considered to be the investable base and that is the portfolio on which the general revenue receives all of the income.

Item 8

The 2019 CMIOC quarterly meeting dates were selected as follows: March 8, 2019, June 7, 2019, September 6, 2019, and December 6, 2019. All quarterly meetings will be held at the current location of the Oasis Conference Room, Frates Building, OMES – Central Accounting and Reporting, 5005 N. Lincoln Blvd., Oklahoma City, OK 73105. Motion by Mr. McGuire and the 2nd by Ms. Swingle. All were in favor and none were opposed.

Item 9

Mr. McGuire nominated Chairman Lynne Bajema to continue as the Chairman for 2019 and nominated Laura Swingle to continue as the Vice Chair; Steven Hawkins 2nd the nomination. All were in favor of the proposed nominations.

Item 10

No comments were made by the Chair.

Item 11

No new business at this time.

Item 12

The meeting was adjourned.

Chair