

CASH MANAGEMENT AND INVESTMENT OVERSIGHT COMMISSION
March 9, 2018
Regular Meeting
Minutes

The ninety-eighth meeting of the Cash Management and Investment Oversight Commission (CMIOC), a Regular Meeting, held on March 9, 2018, 10:00 a.m., in Room 419-A, State Capitol Building.

Roll Call:

Members Present:

Ms. Lynne Bajema, (Chair) State Comptroller, OMES
Mr. Steven Hawkins, Budget Director, Oklahoma Banking Dept.
Ms. Laura Swingle, Business Manager, Securities Commission

Members Absent:

Mr. Thom McGuire, CPA (Ardmore, OK)

Others Attending:

Ms. Stephanie Brown, Committee Secretary, OMES
Ms. Lyn Martin-Diehl, Assistant Attorney General
Ms. Erin Murrell, OST
Ms. Susan Nicewander, Deputy Treasurer, OST
Mr. Edward Romero, CLO

Item 1

Chair Bajema called the meeting to order. Ms. Brown confirmed that the agenda was posted and all requirements were met according to statute.

Item 2

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

Item 3

Ms. Bajema moved to approve the minutes of the December 8, 2017 meeting. There were no changes or corrections to the previous meeting's minutes. The minutes were approved without changes.

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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 filled in for Lisa Murray who was out of the office. Ms. Nicewander provided attendees with a packet of updates since the last CMIOC quarterly meeting. Page 2 of the packet reflects an upward shift with a normal appearing curve. In January, 2-year treasury reached above 2% for the first time since the crisis in 2008. Page three is the Bank of America/Merrill Lynch index information. The portfolio had yield to maturity purchased during this last quarter of 1.4% in comparison with the 1.19 average reflected for the Bank of America agency index. Page 4 reflects the yield from the portfolio, which was at 1.81 in January and the allocation of the portfolio is 47% in agencies, 37% in mortgage backs and 9% overnight money market mutual funds. Page 5 the reduction in weighted average maturity for FY18 was down to 783 in January. Gross Receipts to the Treasury were positive each month except for one month for CY 2017. The most significant revenue for gross receipts was on motor vehicle taxes and gross production taxes. Page six, Total Investable Base, for FY18 reflects the increasing receipts. The Average Overnight Liquidity graph reflects the efforts to maintain a low liquidity target. Page 7, on December 14th Lisa sold a \$20 million dollar Federal Home Loan Bank bond with a realized gain of \$20,383 dollars. There were no agencies or mortgage backed purchased during this time. In January, Lisa purchased \$400 million in all agency bonds with an average yield at cost 2.08%. The allocation to agencies is up to 47% and the allocation to mortgage backed securities is 37% a 10% difference. In the month of January, Lisa invested all in agency securities because there was no inventory of mortgage-backed securities within the parameters that have been established for her to procure. Some of the parameters are to only purchase Ginnie Mae, a certain size around 25 million pieces, and there should be diverse mortgages with a general blend of characteristics. The allocation cap on agencies is 50%. The broker dealer participation rate has been excellent. There are currently 15 approved broker dealers and 11 have been routinely participating in purchasing, which is good for the state in terms of getting the state good pricing. Page nine are general economic factors reported each month that were flat and not too concerning.

Susan reports that OST has been preparing for the impact of the turnover of Sherian Kerlin who retires officially at the end of March. She is currently only coming in to the office 2 days a week. There has been continued effort to cross-train because staff has to have 3-employees with money movement/money investment positions to make sure that they are covered for any liquidity needs as well as investment activity. OST has never caught up from the impact that Sirius Lee and his commercial's has had on OST's increased workload. The office will hire new employees to help with the additional nighttime activity. The OST audit is being finished up with nothing to report. The report should be finished and issued by the end of March.

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Item 6

No questions regarding the quarterly documents received from the Commissioners of the Land Office.

Item 7

The next CMIOC meeting will be at the Frates Building through the remainder of the year.

Item 8

No new business at this time.

Item 9

Chair Bajema adjourned the meeting.

Chair