

CASH MANAGEMENT AND INVESTMENT OVERSIGHT COMMISSION
September 22, 2017
Regular Meeting
Minutes

The ninety-sixth meeting of the Cash Management and Investment Oversight Commission (CMIOC), a Regular Meeting, held on September 22, 2017, 10:00 a.m., in Room 419-A, State Capitol Building.

Roll Call:

Members Present:

Ms. Lynne Bajema, (Chair) State Comptroller, OMES
Mr. Thom McGuire, CPA (Ardmore, OK)
Ms. Laura Swingle, Business Manager, Securities Commission

Members Absent:

Ms. Rhonda Bruno, Director of Administration, Oklahoma Banking Dept.

Others Attending:

Ms. Stephanie Brown, Committee Secretary, OMES
Ms. Lyn Martin-Diehl, Assistant Attorney General
Ms. Lisa Murray, Chief Investment Officer, OST
Ms. Erin Murrell, OST
Ms. Susan Nicewander, Deputy Treasurer, OST
Mr. Craig Sanger, OST

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. Brown declared a quorum present. Members Present: Lynne Bajema, Thom McGuire, Laura Swingle

Item 3

Ms. Bajema moved to approve the minutes of the June 9, 2017 meeting. There were no changes or corrections to the previous meeting minutes. The minutes were approved without changes.

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 stated that the Treasurer's office has begun planning for the closing of the Capitol building due to the electrical repairs during October 2017. The rearrangements will be challenging since operations will not stop during the closure. The Tax Commission has agreed to provide one of their customer service windows for half a day where OST will hand out warrants to other agencies. OST will also take deposits at the window, although they will not process the deposits at the Tax Commission as they normally would, they will only be aggregated at the location and will be picked up by armored pick up and transported to the depository bank, Bank First. During the outage, employees will work from two alternate sites. There will be 10 employees working at OMES-Information Services (IS) building and the remaining employees will work from the Agriculture building. These sites also serve as the disaster recovery locations for employees of OST in case of displacement. OST will use the current displacement as a trial run for crisis planning. OST is advertising positions and planning for upcoming retirements for two longtime employees. Sherian Kerlin will be retiring but in the meantime will work in a part time status. Paul Ackerman a CPA and long time employee will also be retiring. The office is working on a lot of cross training in planning for the retirements. OST is responding to audit requests and preparing financial statements to submit to the State Auditor's office by the statute deadline of September 30. GAAP package prepared for submission to OMES are also underway for the statewide financial reporting. The IT project kickoff has begun to upgrade certain banking applications, which include the statewide check printing application. The upgrade will greatly improve security and sustainability of the operations of the office. The project should be completely upgraded by spring of 2018. Consolidation of the State Bond Advisors office and OST will begin November 1 pursuant to legislation passed during the previous session. The Treasurer is also conducting a nationwide search to hire a new State Bond Advisor as the current Advisor is retiring.

The statewide pay card services is currently being migrated from Key Bank to Conduent which is an affiliate of Xerox, and Comerica bank is an underlying card issuer, the transition is effective October 1. There has been an influx of inquiries for unclaimed property due to the increased advertising of unclaimed property; the office has begun a second shift of part time employees that ends at 9pm in order to respond to the growing needs. There is approximately 500-600 million dollars' worth of unclaimed property and must be maintained by OST indefinitely. The earnings from the unclaimed assets go the general revenue fund. Treasurer Miller received the Jesse M. Unruh award for his service and leadership as the 2017 President of NAST. Treasurer Miller also worked with Pepperdine University in reestablishing the National Institute of Public Finance.

Lisa Murray's Investment discussion began with the Fed leaving interest rates unchanged at the September meeting and the balance sheet normalization program. The total portfolio earned 1.70% as of June 30, 2017 with a weighted average maturity of 839 days. The investable base was \$5.25 billion in comparison to \$5.78 billion twelve months before.

Lisa Murray recommended selling 20 mortgage-backed securities (MBS), with each security having less than \$1 million remaining current face value. Ms. Murray said these securities still have some value that the brokerage firms will want to buy and it allows a portfolio “clean-up” from an accounting and reporting perspective. The estimated realized market gains from the early sales would be \$1 million, with 175 remaining positions in the \$2 billion MBS allocation of the portfolio.

Item 6

No action taken on the CLO quarterly financial report.

Item 7

During the next quarterly CMIOC meeting, there will be elections for the Chariman and Vice-Chair of the Committee.

Item 8

The 2018 CMIOC quarterly meeting dates were selected as follows: March 9, 2018, June 8, 2018, September 21, 2018, and December 7, 2018.

Item 9

Adjournment

Chair