

Cash Management Advisory Board
MINUTES
August 5, 2020
Via Telephone Conference Call

Attendees:

William Desautelle, CMAB Member
J. Victor Thompson, CMAB Member
Steven Meier, Assistant Treasurer, Senior Principal Investment Officer
Michael Terry, Principal Investment Officer, STIF
Paul Coudert, Investment Officer, STIF
Marc Gagnon, Securities Analyst, STIF
Peter Kennedy, Securities Analyst, STIF
Danielle Thompson, Investment Technician, STIF

Minutes:

Michael Terry called the meeting to order at 1:03pm.

The minutes of the February 24, 2020 meeting were approved unanimously with one clarification in verbiage.

Mr. Terry introduced Peter Kennedy and Danielle Thompson and explained their roles to Mr. Desautelle and J. Victor Thompson as they were hired since the last meeting.

Mr. Terry started with a review of the current market situation, where he stated that the shape of the yield curve did not compensate investors for giving up liquidity by investing in longer-term maturities. Mr. Terry further stated that banks were no longer looking for deposits and their rates reflected this. The committee then discussed the funds allocation to government securities, which is approximately 60 percent. Mr. Terry stated that the fund has de-risked its profile by buying US Treasuries and government backed securities and that stress tests done on the portfolio have showed a remarkable resiliency to market volatility.

The conversation then turned to the asset size of the fund and the amount of the fund owned by the Treasurer's office. The committee then discussed the significant amount of cash on the state's books and the impact on the fund and its liquidity.

The committee then discussed the implications of lower yields and the impact on the fund and its cost structure.

Mr. Terry turned the meeting over to Mr. Coudert for a STIF update. Mr. Coudert stated that as of August 8, 2020, STIF's total assets are \$10.6 billion. For the quarter ending June 2020, STIF earned an average annualized yield 0.55 percent while the benchmark earned 0.36 percent. For the One-year ending June 2020, STIF earned a 1.53 percent and benchmark returned 1.36 percent. As of yesterday, February 23rd, STIF was earning 0.15 percent with an average maturity of 23 days and an average life of 56 days.

Mr. Coudert stated that the fund has contributed to the reserve every day since the board last met in February. Mr. Coudert added that nearly \$8.6 million was contributed to the reserve in FY 2020 with

reserves totaling \$78 million. Current liquidity, according to Mr. Coudert is \$4.5 billion or 43 percent of the fund. Additionally, 58 percent of the portfolio is invested into some sort of secured security with a government guarantee whether its repo or agencies or banks with Federal Home Loan Bank letters of credit.

Mr. Terry and Mr. Meier stated that the fund is fully staffed. They noted that the staff has done a great job ensuring high operational and investment standards during COVID-19.

With no further business, Mr. Terry closed the meeting at 1:47pm.