

Cash Management Advisory Board
MINUTES
February 24, 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

Minutes:

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

The minutes of the October 29, 2019 meeting were approved unanimously.

Mr. Terry introduced Steven R. Meier to Mr. Desautelle and J. Victor Thompson. He mentioned Mr. Meier's dual responsibility with the Office of the State Treasurer and referenced his prior work history with State Street Global and State Street Bank.

Mr. Terry started with a review of how we look at the world around us. He stated that apparently the market woke up, found out there was a virus, and noticed it wasn't factored in. Equities were down over 3%, while Treasuries had shaved off 10-12 basis points across the curve. Mr. Terry believes Q1 will be down for the US and Europe, while all other countries sharply reduced as well.

Mr. Meier asked what the market pricing is now for Fed Fund Futures. Mr. Terry stated they're pricing in two cuts minimum and that's by November. We'll see the first one hit us somewhere around June. We have to measure everything on fixed vs floaters vs repo. We're taking a measured approach, given we're receiving missed messages from the Feds.

Mr. Terry turned the meeting over to Mr. Coudert for a STIF update. Mr. Coudert stated that as of February 24, 2020, STIF's total assets are \$9.4 billion and that should continue to go up probably for the next month or so. For the quarter ending December 2019, STIF earned an average annualized 1.83 percent while the benchmark earned 1.62 percent. For the One-year ending December 2019, STIF earned a 2.25 percent and benchmark returned 2.07 percent. As of yesterday, February 23rd, STIF was earning 1.64 percent with an average maturity of 36 days and an average life of 72 days.

Mr. Coudert stated that the fund has contributed to the reserve every day since the board last met in October 2019. Mr. Coudert added that nearly \$5.6 million has been contributed to the reserve during the current fiscal year with total reserves at nearly \$74 million. Current liquidity, according to Mr. Coudert is \$3.9 billion or 42 percent of the fund. Additionally, 40 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 stated that we are in the final interview rounds to bring in another analyst to compliment and help grow the team. We are considering one more position to make sure we continue to run smoothly and be able to function better in a more dynamic environment.

With no further business, Mr. Terry closed the meeting at 1:33pm.