

**Minutes (Draft) of the
Cash Management Advisory Board
July 27, 2016
Via Telephone Conference Call**

Attendees:

William Desautelle, CMAB Member
J. Victor Thompson, CMAB Member
Lawrence Wilson, Assistant Treasurer, Cash Management
Michael Terry, Principal Investment Officer, STIF
Paul Coudert, Investment Officer, STIF
Marc Gagnon, Securities Analyst, STIF
Peter Gajowiak, Securities Analyst, STIF
Waseema Bhura, Summer Intern

Minutes:

Assistant Treasurer Lawrence Wilson called the meeting to order at 10:04 a.m.

The minutes of the May 6, 2016 meeting were approved unanimously.

Mr. Wilson stated that revisions to the STIF strategy were signed by Treasurer Nappier in June.

Mr. Terry stated that there is some market sentiment that the Fed may raise interest rates before the end of 2016. Mr. Terry stated that there have been some recent strong data points. Mr. Terry added that there has been an increase in rates in October as many 2a7 funds shift their focus away from commercial paper and bank deposits. According to Mr. Terry, STIF has been able to shorten its weighted average life while maintaining the rate it pays its investors. Further, Mr. Terry stated that STIF is in a good position to take advantage of rising interest rates and selectively deploying funds into the commercial paper market.

Mr. Wilson stated that many of the proposed changes to STIF's strategy, including those suggested by the CMAB members, have been implemented. Among the changes was reducing the maximum maturity from 270 down to 180 days. In addition, a phased in implementation was included in the strategy change to allow for ongoing measuring and monitoring how a partial implementation is affecting the portfolio.

Mr. Coudert gave an overview of STIF's portfolio characteristics and performance. Mr. Coudert stated that for the period ending June 30, 2016, STIF earned an average annualized yield of 38 basis points versus 26 basis points for the iMoneyNet benchmark. For the one year period ending June 30, 2016, STIF earned 29 basis points versus 15 basis points for the benchmark. According to Mr. Coudert, STIF's current yield is 47 basis points with an average life of 34 days, STIF's reserves total \$51.4 million, and approximately 62 percent of the portfolio is invested in securities with some sort of government support such as government backed repurchase agreements, agency securities, FDIC insured deposits, Federal Home Loan Bank letters of credit, and government money funds.

Mr. Coudert stated that the Extended Investment Portfolio has been open since December 30, 2015, and that the portfolio has one \$45 million holding of Sumitomo Bank which is earning 53 basis points and has a daily put.

With no further business, Mr. Wilson adjourned the meeting at 10:29 a.m.