

CASH MANAGEMENT AND INVESTMENT OVERSIGHT COMMISSION

**March 28, 2014
Regular Meeting
Minutes**

The eighty-fourth meeting of the Cash Management and Investment Oversight Commission (CMIOC), a Regular Meeting, was held March 28, 2014, 10:00 a.m., in Room 511-A, State Capitol Building.

Roll Call:

Members Present:

Ms. Lynne Bajema, (Chair) State Comptroller, OMES
Ms. Rhonda Bruno, Designee for Mick Thompson, Oklahoma Banking Dept.
Mr. Irving Faught, Administrator, Oklahoma Securities Commission
Mr. Brian Gabbard, Chairman & CEO, Gabbard and Company
Mr. Thom McGuire, CPA (Ardmore, OK)

Others Attending:

Mr. David Kinney, Asst. Attorney General
Ms. Stephanie Langs, OMES
Ms. Lisa Murray, Chief Investment Officer, OST
Ms. Janis Nelsen, Legislative Service Bureau
Ms. Susan Nicewander, OST
Mr. Craig Sanger, OST

Item 1

Chair Bajema called the meeting to order and declared a quorum present.

Item 2

Mr. McGuire moved to approve the minutes of the September 20, 2013 meeting. Mr. Faught moved to second and the motion passed with McGuire, Faught, Bruno and Bajema voting yes.

New member Brian Gabbard arrived at 10:05 am.

Item 3

Chair Bajema reported there were no meetings of the Executive Review Committee this quarter and affirmed that all reports were received from the State Treasurer's office.

Item 4

Lisa Murray, Chief Investment Officer for the State Treasurer's Office, provided updates on the market and the Treasurer's portfolio for the period October 2013 through March 25, 2014. With regards to the fixed income market, she reported there had been a dramatic flattening of the yield curve, with the 10 and 30 year treasury yields approaching lows. The flattening was a result of a comment made by Fed Chair Janet Yellen on March 19. The allocation of the Portfolio was 42% in agencies and 39% in mortgage backed securities. The February average investable base was \$4.12B, and FY14 had averaged \$4.0B in comparison to \$3.8B for FY13. The Portfolio had a weighted average life of 3.98 years, effective duration of 3.14 years and a weighted average coupon of 3.06%.

Item 5

Ms. Murray provided recommendations for changing or updating the benchmark. She reported that a blended benchmark could provide the opportunity for a more customized performance standard and any number of fixed income market indices could be considered and weighted based on the Portfolio's composition.

Susan Nicewander, Chief Deputy Treasurer, addressed Title 62, Chapter 1, Sections 89.2 and 71.1 and how they related to the current benchmark and the CMIOC's directive of obtaining an objective and accurate analysis of investment performance to a standard. Thom McGuire suggested researching what other states were doing in regard to portfolio benchmarking and the results could be discussed at the next CMIOC meeting in June.

Item 6

Ms. Murray reported the Treasurer's office had identified web based investment software called Tracker that they were in the process of procuring. Tracker has over 80 standard and customizable investment reports, including charts, graphs and economic indicators. The State Auditor's office will be included in the development of any new investment reports provided to the Commission, per statutes. A recommendation was made to establish a working group containing several Commission members, Auditor's office representative and Treasury staff to identify desired reports. Ms. Nicewander stated she would have more firm dates at the next Commission meeting in regard to the Tracker implementation schedule and Ms. Murray would research and compile best practices pertaining to investment reporting.

Item 7

Chair Bajema acknowledged receipt of the September 30, 2013 and December 31, 2013 Compsource and Commissioners of the Land Office quarterly reports. No action was taken.

Item 8

Irving Faught made a motion to elect Lynne Bajema as Chairperson. Thom McGuire seconded the motion. The motion carried unanimously.

Lynne Bajama moved to nominate Rhonda Bruno for Vice Chairperson. Thom McGuire seconded the motion. The motion carried unanimously.

Item 9

No new business.

Item 10

Adjournment


Chair