

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 587
Sacramento, CA 95814

MINUTES

Wednesday, June 20, 2018

The meeting was called to order at 10:10 a.m.

Roll: Bill Dowell for State Treasurer John Chiang
Jacqueline Wong-Hernandez for Director of Finance Michael Cohen
Richard Chivaro for State Controller Betty T. Yee

Staff Present: Tracey Paine, State Treasurer's Office
Sean Collier, State Treasurer's Office
Catherine Brown, Attorney General's Office
Mark Paxson, State Treasurer's Office

MINUTES

Ms. Jacqueline Wong-Hernandez moved to approve the minutes for the May 16, 2018 meeting. Upon a second by Mr. Dowell: the motion passed 2-0 with the following votes: Mr. Dowell: yes; Ms. Wong-Hernandez: yes.

PMIB DESIGNATION

(Note that Mr. Chivaro joined the meeting in progress at this point.)

Mr. Sean Collier of the State Treasurer's Office presented a Portfolio Summary Report as of May 31, 2018. On that day, the portfolio stood at \$82.788 billion. The effective yield was 1.802%, the quarter-to-date yield was 1.710% and the year-to-date yield was 1.327%. The average life of the portfolio was 190 days. AB55 Loans approved were \$672 million, with a disbursed amount of \$346 million. The Local Agency Investment Fund had \$22.474 billion total deposits, with 2,414 total participants.

Mr. Amin Pirasteh of the State Treasurer's Office Centralized Treasury and Securities Management Division presented a summary of forecasted revenue changes in the portfolio for the Pooled Money Investment Account (PMIA) for the period June 18, 2018 through August 17, 2018. Anticipated receipts for this nine-week period total \$52.744 billion. Mr. Pirasteh highlighted the key receipts.

Ms. Mi Hoang of the State Controller's Office, Cash Management Bureau and State Accounting and Reporting Division continued the presentation. Ms. Hoang highlighted the major disbursements anticipated for the reporting period of June 18, 2018 through August 17, 2018. Projected disbursements for the nine-week period total \$56.009 billion.

Mr. Collier presented Designation No. 1828. In accordance with Treasurer's Office policy, the recommended deposit in demand bank accounts as Compensating Balance of Services is \$333,400,000.

Mr. Chivaro moved to approve Designation No. 1828. Upon a second by Ms. Wong-Hernandez the motion passed 3-0 with the following votes: Mr. Dowell: yes; Mr. Chivaro: yes; Ms. Wong-Hernandez: yes.

AUTHORIZATION FOR GENERAL FUND INTERNAL BORROWING

Mr. Collier presented this document, which authorizes the General Fund to borrow from internal sources to meet its cash needs during periods of shortfall. The Authorization for General Fund Internal Borrowing is for the period July 1, 2018 through September 30, 2018, in the amount of up to \$41.497 billion.

Mr. Chivaro moved to approve the Authorization for General Fund Internal Borrowing. Upon a second by Ms. Wong-Hernandez the motion passed 3-0 with the following votes: Mr. Dowell: yes; Mr. Chivaro: yes; Ms. Wong-Hernandez: yes.

DECLARATION OF SURPLUS MONEY/REDUCTION OF SURPLUS MONEY

Mr. Collier presented the changes in the Surplus Money Investment Fund for the period May 1, 2018 through May 31, 2018. Declaration of Surplus Money was in the amount of \$12.015 billion. A reduction in Surplus Money was in the amount of \$12.992 billion. An attached list from the State Controller's Office showed the breakdown.

Mr. Chivaro moved to approve the Surplus Money Declaration/Reduction for the month of May. Upon a second by Ms. Wong-Hernandez, the motion passed 3-0 with the following votes: Mr. Dowell: yes; Mr. Chivaro: yes; Ms. Wong-Hernandez: yes.

SURPLUS MONEY INVESTMENT FUND REQUEST (SMIF)

Mr. Collier presented a request to participate in the Surplus Money Investment Fund:

Department of Parks and Recreation
State Parks Revenue Incentive Subaccount
Fund Number: 3238

Ms. Wong-Hernandez moved to approve staff recommendation of the Surplus Money Investment Fund participation request. Upon a second by Mr. Chivaro, the motion passed 3-0 with the following votes: Mr. Dowell: yes; Mr. Chivaro: yes; Ms. Wong-Hernandez: yes.

COMMERCIAL PAPER ISSUERS

Ms. Tracey Paine of the State Treasurer's Office Investments Division presented two new Commercial Paper Issuers for approval.

1. American Honda Finance Corporation
2. BMW US Capital LLC

Ms. Paine noted both commercial paper programs are highly rated by Moody's, Standard & Poor's, and Fitch. She also noted that adding these names to the list of approved PMIA investments would provide diversity and flexibility in Prime investment options at competitive yields without incurring a high level of risk.

Mr. Chivaro moved to approve the proposed two commercial paper issuers. Upon a second by Ms. Wong-Hernandez, the motion passed 3-0 with the following votes: Mr. Dowell: yes; Mr. Chivaro: yes; Ms. Wong-Hernandez: yes.

AB55 LOAN PROGRAM (Government Code § 16312)

Mr. Matt Lehtonen, with the Public Finance Division in the State Treasurer's Office presented the PMIA loans monthly report. Staff recommended approval of the three loan renewal requests and one new loan request (Items 8.a - 8.d) on the agenda in the amounts shown on column f of Exhibit A to the staff report. Items 8.a – 8.c reflect increases necessary to complete construction. Proceeds from the new loan request, Item 8.d, will be used to begin construction. All items will pay accrued interest and administrative costs. Mr. Lehtonen reported that the loan requests were in compliance with the current AB55 Loan Policy and upon approval would result in an increase to the outstanding loans balance of \$61,840,000.

LOAN RENEWAL REQUESTS

	<u>PMIB Loan No.</u>	<u>Department</u>	<u>Amount</u>
a.	1780032	Department of Forestry and Fire Protection SPWB Lease Revenue Bonds South Operations Area HQ: Relocate Facility	\$44,563,000.00
b.	1780033	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Santa Barbara County Jail Project	76,325,000.00
c.	1780034	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Humboldt County Juvenile Project	12,963,000.00

NEW LOAN REQUEST

	<u>PMIB Loan No.</u>	<u>Department</u>	<u>Amount</u>
d.	1780035	Department of Corrections and Rehabilitation SPWB Lease Revenue Bonds Yolo County Jail Project	\$13,135,000.00

Ms. Wong-Hernandez moved to accept the staff recommendation and approve the three loan renewal requests and one new loan request. Upon a second by Mr. Chivaro, the motion passed 3-0 with the following votes: Mr. Dowell: yes; Mr. Chivaro: yes; Ms. Wong-Hernandez: yes.

PUBLIC COMMENT

There was no Public Comment.

ADJOURNMENT

In the absence of further business, the meeting was adjourned at 10:25 a.m.

Respectfully submitted,

Tracey Paine
PMIB Administrator