

MINUTES
TREASURY INVESTMENT COUNCIL MEETING
May 9, 2018 1:02 P.M.

Attendees:

Members Present: Katy Wojciechowski, State Board of Administration (*Chair*)
David Roberts, Harvest Investment Advisors
Peter (PJ) Gardner, AGW Capital Advisors (*via conference call*)
George Barbar, Mesirow Financial
Bob Doyle, President & Chief Investment Officer, Doyle Wealth Mgmt. Inc. (*Vice Chair*)

Treasury Staff: Tanner Collins, Director of the Treasury
Tanya McCarty, Bureau Chief
Pedro Morgado, Chief Investment Officer
Ken Gerzina, Administrator of External Investment Program
Todd Artwell, Portfolio Manager
Megan Murphy, Portfolio Management Analyst
Joe Scavone, Portfolio Manager
Catherine Shock, Sr. Management Analyst II

Guest: Scott Fennell, Deputy CFO

OPENING REMARKS

Kathy Wojciechowski called the meeting to order at 1:02 P.M.

APPROVAL OF MINUTES

The November 15, 2017 meeting minutes were presented for approval.
A Motion was made to approve the meeting minutes no changes and passed unanimously.

FLORIDA ECONOMY OVERVIEW (*see attached presentation*)

Tanner Collins presented information from the Office of Economic and Demographic Research relating to the Florida economy.

Florida's economic recovery continues at a slow and steady pace.

December unemployment was 3.7% as compared to the US average of 4.1%.

Near term population growth projection is 1.7% annually between 2017 and 2021.

Housing continues to improve. Existing home sales volume for 2017 is 111.8%, exceeding the peak in 2005. Florida's median home price in December was 98.4% of the national median price.

TREASURY INVESTMENT POOL OVERVIEW (*see attached presentation*)

Tanner presented an overview of the Treasury Investment Pool. The overview provided information relating to the Treasury Investment Pool balances; participant balances; Special Purpose Investment Account participation; distributed income; security lending income; fair value factor; Pool rating; basket clause items; and certificate of deposit activity.

The Investment Pool balance declined by approximately \$800 million over the past six months mostly due to SBA bond activity.

The non-state agency SPIA balances remained just above 20% of the pool.

Distributed income totaled \$308 million 2017/2018 fiscal year-to-date.

Miscellaneous Updates (see attached presentation)

Tanner commented briefly on several changes since the prior meeting, including

- New Investment Consultant – VERUS
- Started renewal process for the Global Custody and Securities Lending Contract
- Staff update: New Compliance Officer – Catherine Shock
- Adding an Assistant Portfolio Management Analyst

SECURITIES LENDING REVIEW (see attached presentation)

Pedro gave an overview of the securities lending program.

INVESTMENT POOL REVIEW (see attached presentation)

Pedro recapped the prior six-month period's economic conditions and recent developments.

LIQUIDITY, ULTRA-SHORT AND SHORT DURATION PORTFOLIOS (see attached presentation)

Joe presented on the Liquidity and Ultra Short Duration portfolios while Todd presented data on the Short Duration portfolio. The presentation included performance commentary, performance, portfolio characteristics and current strategy for the two portfolios.

INTERMEDIATE AND LONG DURATION PORTFOLIOS (see attached presentation)

Ken presented on the Intermediate and Long Duration portfolios which included an update on the portfolio performance and characteristics versus the applicable benchmarks.

Long & Intermediate Managers have modestly adjusted their asset allocations to better reflect their outlook that spread sectors will outperform Treasuries. They remain slightly underweight duration as rates continue to rise. Intermediate managers have reduced the 1-3 year duration bucket while increasing the 3-5 year. Long Duration managers have also reduced the 1-3 year area and added to the 5-7 year area.

Watch List Update

Placed Smith Graham on Watch until June 30 2018.

Placed Nuveen on Watch until June 30 2018.

The Committee members had no questions or comments relating to the managers.

Summary/ Questions / Next Meeting

Next meeting will be announced at a future date.

Meeting was adjourned at 2:58 PM.