

POOLED MONEY INVESTMENT BOARD
915 Capitol Mall, Room 110
Sacramento, CA 95814

MINUTES

Wednesday, July 21, 2021

The meeting was called to order at 10:00 a.m.

Board Members Present: Genevieve Jopanda for State Treasurer Fiona Ma
Shawn Silva for State Controller Betty T. Yee
Thomas Todd for Director of Finance Keely Martin Bosler

Staff Present: Tracey Paine, State Treasurer's Office
Nicole Milliron, State Treasurer's Office
Deborah Yang, Attorney General's Office

MINUTES

Ms. Genevieve Jopanda asked for public comments; there were none. Ms. Jopanda moved to approve the minutes for the June 16, 2021 meeting. Upon a second by Mr. Thomas Todd, the motion passed 2-0 with the following votes: Ms. Jopanda: yes; Mr. Silva: abstain; Mr. Todd: yes.

POOLED MONEY INVESTMENT BOARD DESIGNATION

Ms. Nicole Milliron of the State Treasurer's Office presented the Portfolio Summary Report as of June 30, 2021. The total portfolio amount was \$193.318 billion, the effective yield was 0.218%, and the average life was 291 days. The amount of loans approved was \$725 million with a disbursed amount of \$522 million. The total deposit amount for the Local Agency Investment Fund was \$37.067 billion with 2,387 participants.

Ms. Milliron then presented Designation No. 1865.

Ms. Jopanda asked for public comments; there were none. Ms. Jopanda moved to approve Designation No. 1865. Upon a second by Mr. Silva, the motion passed 3-0 with the following votes: Ms. Jopanda: yes; Mr. Silva: yes; Mr. Todd: yes.

SURPLUS MONEY DECLARATION AND REDUCTION

Ms. Milliron presented the changes in the Surplus Money Investment Fund for the period June 1, 2021 through June 30, 2021. The declaration of Surplus Money was in the amount of \$41.504 billion and the reduction of Surplus Money was in the amount of \$15.066 billion.

Ms. Jopanda asked for public comments; there were none. Ms. Jopanda moved to approve the Surplus Money Declaration and Reduction for the month of June. Upon a second by Mr. Todd, the motion passed 3-0 with the following votes: Ms. Jopanda: yes; Mr. Silva: yes; Mr. Todd: yes.

SURPLUS MONEY INVESTMENT FUND REQUESTS

There were no requests this month.

INFORMATION ITEM – New Corporate Bond Issuers

Ms. Milliron noted that the State Treasurer's Office Investment Division recently approved two new Corporate Bond Issuers: Amazon.com, Inc. and PepsiCo, Inc. as authorized investments for the Pooled Money Investment Account.

Ms. Jopanda asked for public comments; there were none.

INFORMATION ITEM – State and Local Government Series Demand Deposit

Mr. Geoff Palmertree, with the Public Finance Division in the State Treasurer's Office, presented the State and Local Government Series Demand Deposit. The State has issued certain tax-exempt bonds that, for federal income tax purposes, are treated in whole or in part as long-term working capital (LTWC) bonds that financed an accumulated cash flow deficit. As part of the ongoing tax compliance for these bonds, the state covenanted to monitor its actual and expected General Fund cash balances to determine whether it has excess funds available that would be treated as "other replacement proceeds" defined by Internal Revenue Service (IRS) regulations with respect to these LTWC bonds; and if so, to take appropriate action to remain in compliance with the IRS regulations pertaining to tax-exempt bonds issued for working capital purposes.

Given the significant recent improvement in the state's cash flow position, the state was required to take action this summer to remain in compliance with the tax requirements for the LTWC bonds. After consultation with tax counsel at Orrick Herrington & Sutcliffe LLP, as well as discussions with the Department of Finance and the State Controller's Office, it has been agreed that the best option was to purchase demand deposit State and Local Government Series securities in the amount of the outstanding LTWC bonds--\$6,154,148,000. These securities will be segregated from the rest of the pool's investments.

The Public Finance Division in the State Treasurer's Office will continue to monitor the daily available amounts of the General Fund to determine when the State can liquidate the securities.

Ms. Jopanda thanked Deputy Treasurer Tim Schaefer and Blake Fowler, Director of the Public Finance Division, and his team for their efforts on this item.

Ms. Jopanda asked for public comments; there were none.

LOAN REQUESTS

Mr. Matt Lehtonen, with the Public Finance Division in the State Treasurer's Office, presented the loan requests. Staff recommended approval of two loan renewal requests and one new loan requests (Agenda Items 8.a – 8.c). Mr. Lehtonen reported the loan requests were in compliance with the current Pooled Money Investment Account Loan Policy and upon approval would result in an increase to the outstanding loans balance by \$22.269 million.

LOAN RENEWAL REQUESTS

	<u>Loan No.</u>	<u>Department</u>	<u>Amount</u>
a.	2120001	Military Department State Public Works Board Lease Revenue Bonds Sacramento: Consolidated Headquarters Complex	\$158,143,000
b.	2120002	Department of Forestry and Fire Protection State Public Works Board Lease Revenue Bonds San Mateo/Santa Cruz Unit HQ: Replace Auto Shop	\$17,122,000

NEW LOAN REQUEST

	<u>Loan No.</u>	<u>Department</u>	<u>Amount</u>
c.	2120003	Department of Corrections and Rehabilitation State Public Works Board Lease Revenue Bonds Kings County Juvenile Project	\$6,010,000

Ms. Jopanda asked for public comments; there were none. Mr. Silva moved to accept the staff recommendation and approve the loan requests. Upon a second by Mr. Todd, the motion passed 3-0 with the following votes: Ms. Jopanda: yes; Mr. Silva: yes; Mr. Todd: yes.

PUBLIC COMMENT

Ms. Jopanda asked for public comments; there were none.

ADJOURNMENT

In the absence of further business, the meeting was adjourned at 10:15 a.m.

Respectfully submitted,

Tracey Paine
PMIB Administrator