

M^oCAAT

Missouri Capital Asset Advantage Treasury

Moving Forward for Missouri Communities



**Missouri Association
of Rural Education**



PMATM

October 21, 2021



Agenda & Team

- ▶ The Opportunity
- ▶ PMA Overview
- ▶ Why Local Government Investment Pools
- ▶ MOCAAT Overview & Service
- ▶ Service to Missouri Schools



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The Opportunity

- ▶ Create a new Local Government Investment Pool (LGIP) for Missouri schools and public entities – **a new option for schools**
- ▶ Partner with Associations **across the State**
- ▶ Provide **a full-service Fund and education** for School & public entity investing





Serving the Public Sector for over 35 Years

- Work almost exclusively with public funds
- \$28.2 billion in Assets Under Administration (AUA)*, with over \$12 billion in investment advisory assets under management (AUM) (as of 6/30/20)

PMA Overview

- Collectively, the PMA companies serve over 4,100 public entities in 14 states: AZ, CA, FL, IA, IL, MI, MN, MO, NE, NY, OK, PA, SD, WI
- The PMA companies collectively have 150+ employees to meet the ongoing needs of our clients
- Strong financial resources and management structure

Leading provider of LGIP services

- Investment Advisor: 13 Programs
- Fund Administration: 14 Programs
- Distribution/Marketing/Program Support: 13 Programs
- Other program services – Fixed Term Investments, Cash Flow Planning and Bond Proceeds Management

*Total assets under administration include both money market pool assets for which the PMA Companies serve as fund administrator/accountant, marketer/distributor, fixed income program provider (brokerage services), and/or investment advisory, or separate institutional accounts.



PMA LGIP Programs – Growth & Service

FLORIDA SURPLUS ASSET FUND TRUST (FL SAFE)



www.flSAFE.org

- INVESTMENT ADVISOR
- TERM SERIES INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

ILLINOIS SCHOOL DISTRICT LIQUID ASSET FUND PLUS (ISDLAF+)



www.isdlafplus.com

- INVESTMENT ADVISOR
- TERM SERIES INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

ILLINOIS PUBLIC RESERVES INVESTMENT MANAGEMENT TRUST



www.iprimetrust.org

- INVESTMENT ADVISOR
- TERM SERIES INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

IOWA PUBLIC AGENCY INVESTMENT TRUST (IPAIT)



www.ipait.org

- INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

IOWA SCHOOLS JOINT INVESTMENT TRUST (ISJIT)



www.isjit.org

- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

MINNESOTA MUNICIPAL MONEY MARKET FUND (4M FUND)



www.4mfund.com

- INVESTMENT ADVISOR
- TERM SERIES INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

MNTRUST (MINNESOTA)



www.investmntrust.com

- INVESTMENT ADVISOR
- TERM SERIES INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

MOCAAT* (MISSOURI)



www.investmocaat.com

- INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

NEBRASKA PUBLIC AGENCY INVESTMENT TRUST (NPAIT)



www.npait.com

- INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM

NEW YORK LIQUID ASSET FUND (NYLAF)



www.nylaf.org

- ADMINISTRATOR
- INVESTMENT ADVISOR
- DISTRIBUTOR
- FIXED TERM PROGRAM

OKLAHOMA LIQUID ASSET POOL (OLAP)



www.olaponline.org

- INVESTMENT ADVISOR
- ADMINISTRATOR
- MARKETING SUPPORT
- FIXED RATE INVESTMENT PROGRAM

PENNSYLVANIA SCHOOL DISTRICT LIQUID ASSET FUND (PSDLAF)



www.psdlaf.org

- ADMINISTRATOR
- INVESTMENT ADVISOR
- DISTRIBUTOR
- FIXED TERM PROGRAM

SOUTH DAKOTA PUBLIC FUNDS INVESTMENT TRUST (SD FIT)



www.sdpfit.org

- INVESTMENT ADVISOR
- ADMINISTRATOR
- FIXED RATE INVESTMENT PROGRAM

WISCONSIN INVESTMENT SERIES COOPERATIVE (WISC)



www.investwisc.com

- INVESTMENT ADVISOR (AS SUB-ADVISOR)
- TERM SERIES INVESTMENT ADVISOR
- ADMINISTRATOR
- DISTRIBUTOR
- FIXED RATE INVESTMENT PROGRAM





Why LGIPs at All?

- ▶ **Buying Power** – Benefits of investing together
- ▶ **Enhanced Options** – Additional tools to meet the needs of school districts
- ▶ **Safety** – Oversight of products and policies by a board of local officials
- ▶ **Efficiency** – Transaction and reporting products that SAVE TIME
- ▶ **Performance and Partnership**



Fund Structure & Services

- ▶ Missouri Law authorizes cooperative investing programs
- ▶ The Fund is designed and governed by a Participant/Sponsor Board of Trustees
- ▶ Fund Services:
 - ▶ Liquid Fund – Daily Liquidity
 - ▶ Online Reporting & Transactions
 - ▶ Fixed Rate Services
 - ▶ Bond Proceeds Management
 - ▶ Cash Flow Analysis



Investment Approach

- ▶ Protection of Public Funds – **Safety, Liquidity, Yield**
- ▶ Quality Investment Options – **Strict Compliance with Statutes**
- ▶ S & P Rating and Stress Testing
- ▶ Credit Research – LGIP Approved List
- ▶ Asset/Liability Matching – Know Your Participants
- ▶ Value-Added Performance through Sector/Security Selection



Investment Advisor – PMA Asset Management

- ▶ Growing institutional asset management platform
- ▶ Focus on school districts and public entities
- ▶ Fixed income expertise in cash, ultra short and longer-term investments – experience in challenging markets
- ▶ Senior Portfolio Managers average 25+ years experience
- ▶ Team of 23 Professionals supporting research, trading and portfolio management
- ▶ Strong performance
- ▶ Over \$20 billion AUM as of 6/30/21



Investment Process





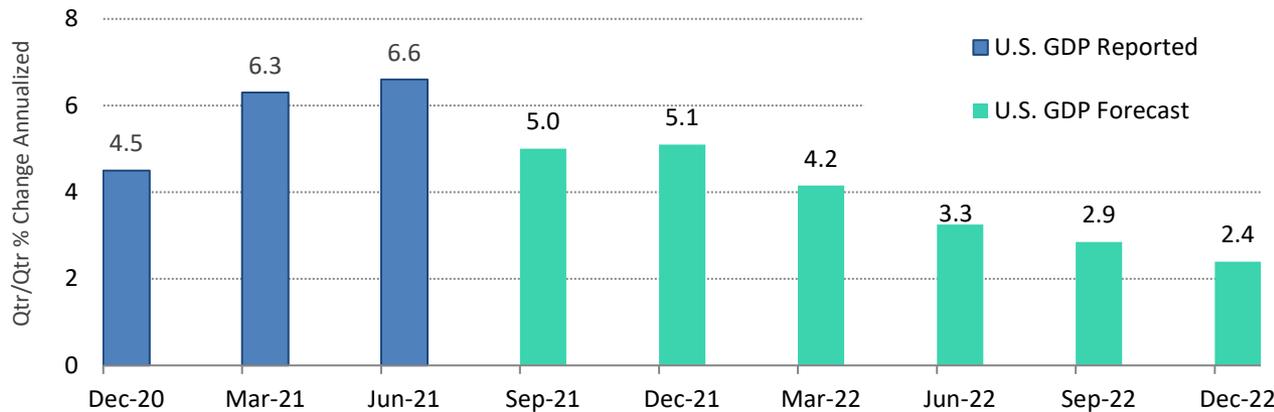
Credit Process





Strong Growth Expected Through Year End

Quarterly U.S. Real GDP Growth



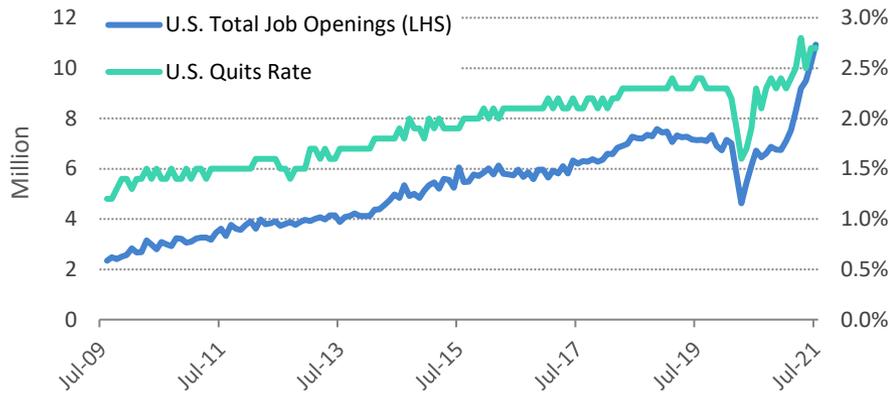
FOMC September 2021 Economic Projections

	2021	2022	2023	2024 Long Run*	
Change in real GDP, 4Q to 4Q	5.9%	3.8%	2.5%	2.0%	1.8%
<i>June projection</i>	<i>7.0%</i>	<i>3.3%</i>	<i>2.4%</i>	<i>na</i>	<i>1.8%</i>
Unemployment rate, 4Q	4.8%	3.8%	3.5%	3.5%	4.0%
<i>June projection</i>	<i>4.5%</i>	<i>3.8%</i>	<i>3.5%</i>	<i>na</i>	<i>4.0%</i>
PCE inflation, 4Q to 4Q	4.2%	2.2%	2.2%	2.1%	2.0%
<i>June projection</i>	<i>3.4%</i>	<i>2.1%</i>	<i>2.2%</i>	<i>na</i>	<i>2.0%</i>

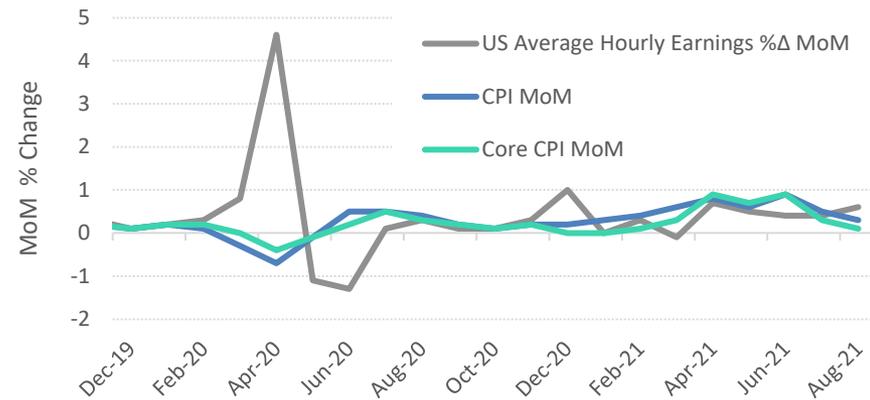


Reopening the Economy

U.S. Job Openings & Quits Rate



CPI, Core CPI & Wage Inflation



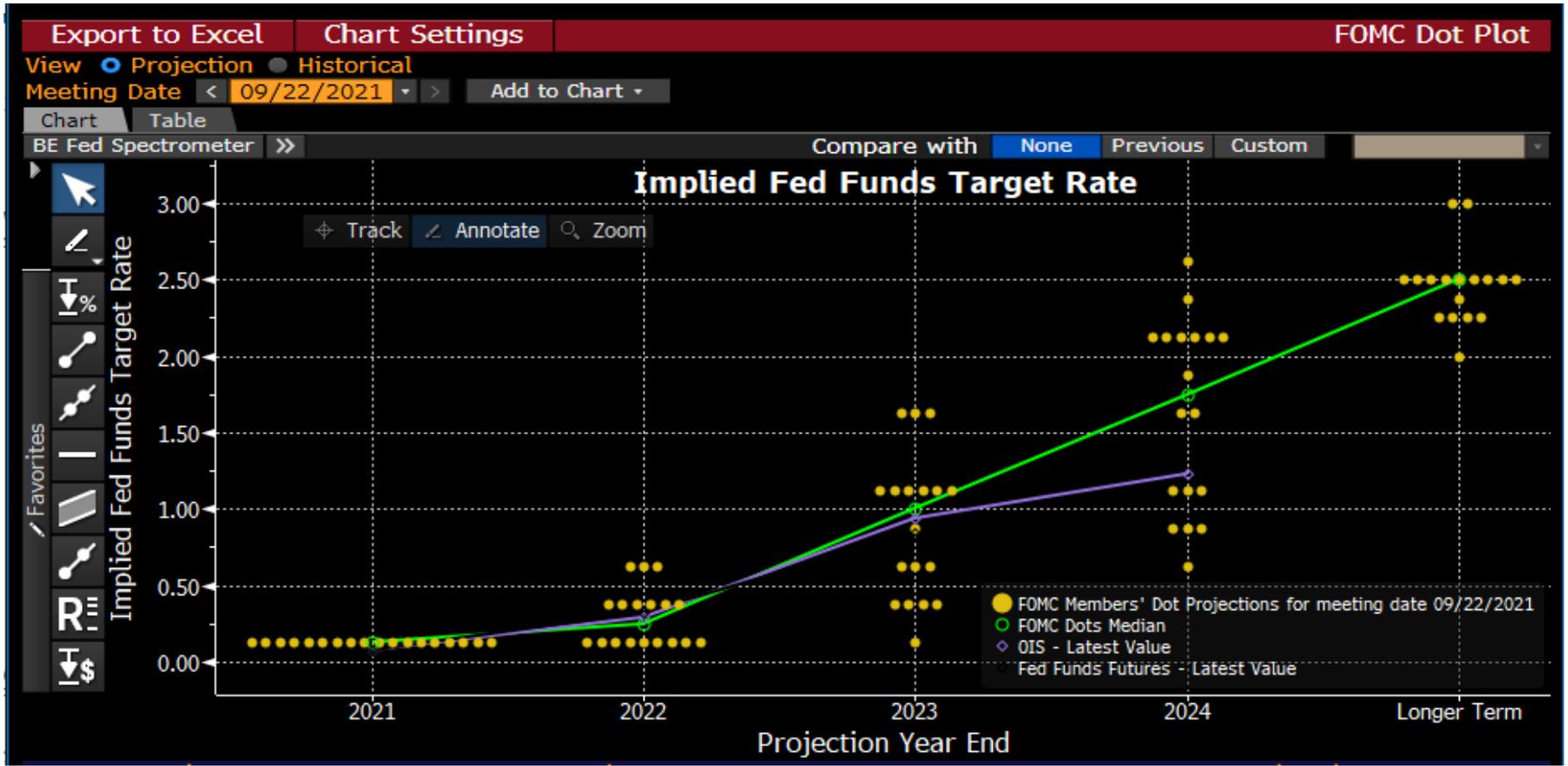
Capacity Utilization



Inflation Indicators (%)	Jul/Aug 2020	Jul/Aug 2021	Change	
PCE Price Index (yoy, sa)	1.00	4.20	3.20	US Government (BLS, BEA)
Core PCE index (yoy, sa)	1.30	3.62	2.32	
Consumer Price Index (yoy)	1.30	5.30	4.00	
CPI ex-Food & Energy (yoy)	1.70	4.00	2.30	
5yr TIIPS Breakeven Inflation	1.89	2.19	0.30	Market
10yr TIIPS Breakeven Inflation	1.80	2.34	0.54	
U. of Michigan 1 yr Expect.	2.60	4.70	2.10	Survey
U. of Michigan 5-10yr Expect.	2.70	2.90	0.20	

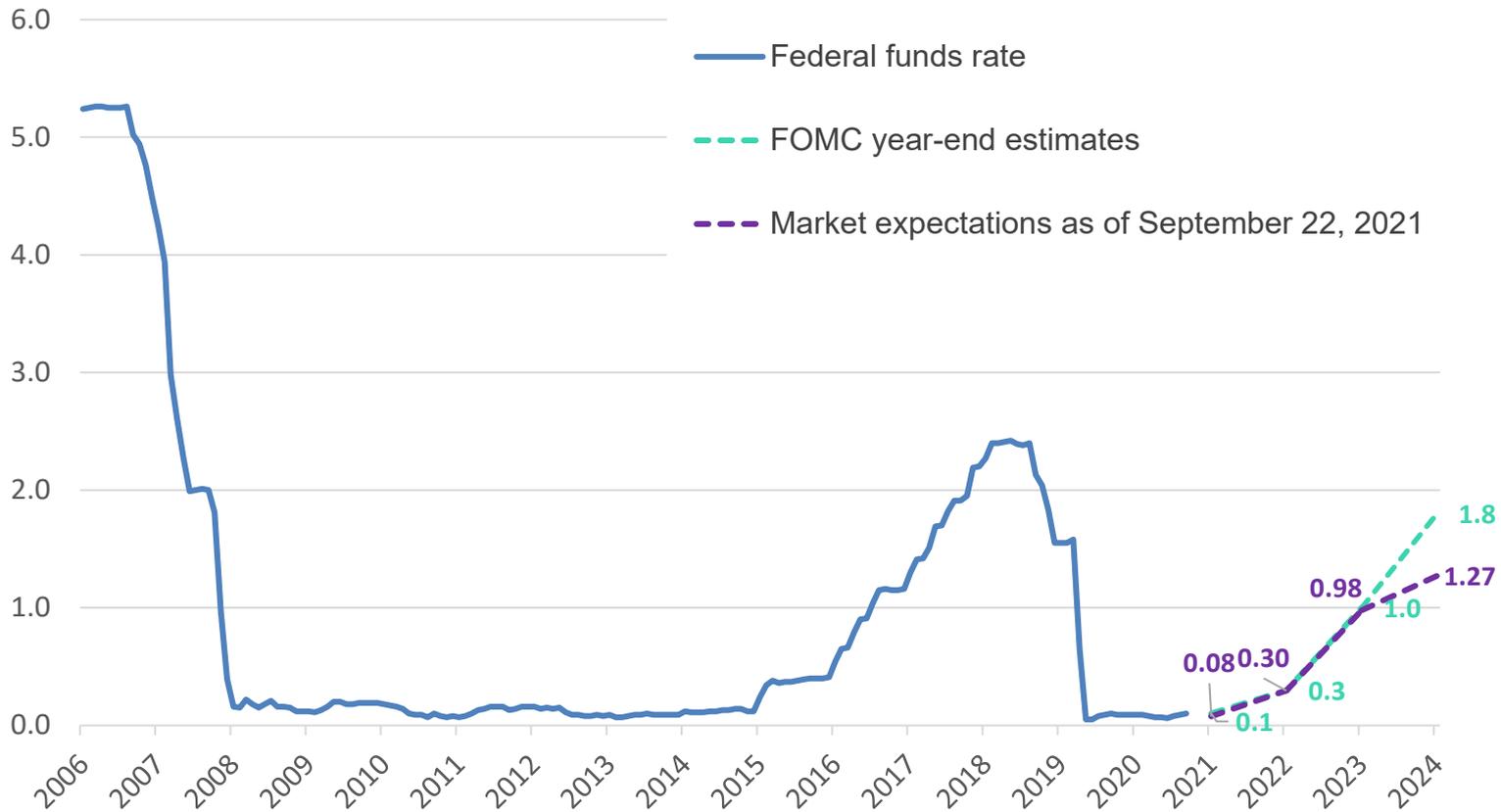


Monetary Policy





Fed Funds Rate Expectations



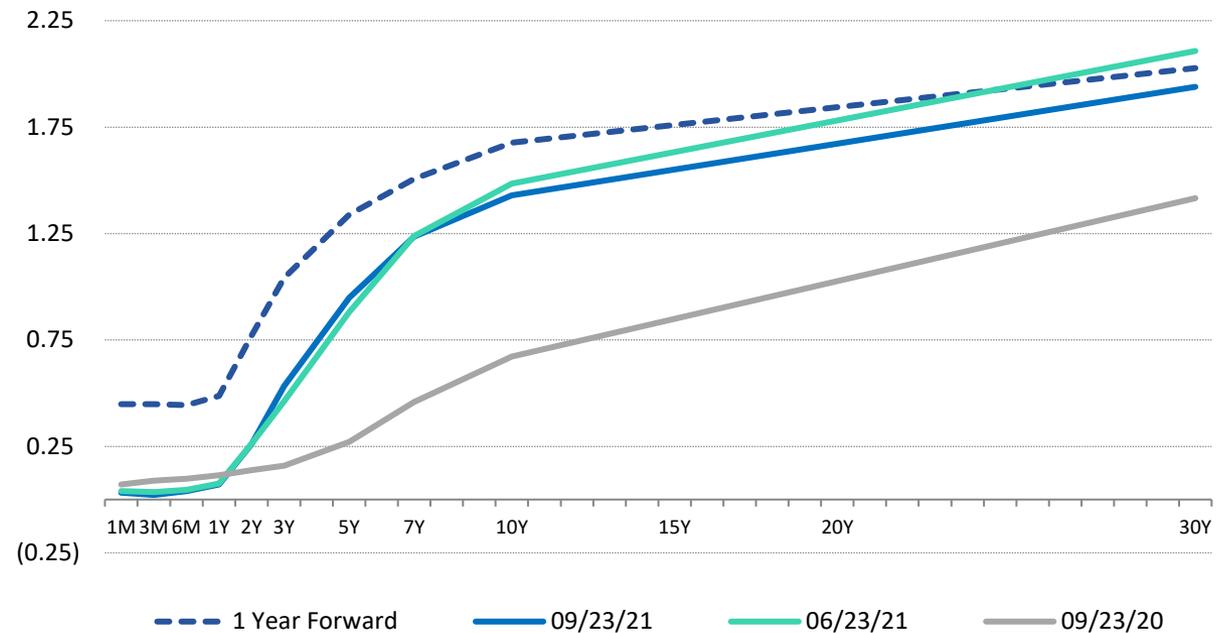


Interest Rates Moving

US Treasury Curve

Tenor	Spot	1 Year Forward
1M	0.03	0.45
3M	0.02	0.45
6M	0.04	0.44
1Y	0.07	0.49
2Y	0.26	0.77
3Y	0.53	1.04
5Y	0.95	1.34
7Y	1.24	1.51
10Y	1.43	1.68
30Y	1.94	2.03

U.S. Treasury Yield Curve





Fund Reporting and Access

- ▶ Secure Online Access – Functionality:
 - ▶ Execute transactions
 - ▶ Reporting
 - ▶ View activity
 - ▶ View account information
 - ▶ Fund information
 - ▶ Fund documents
 - ▶ Export to Excel for many of the GPS reports

- ▶ Dedicated Service Team
 - ▶ Committed Call Center service team
 - ▶ MOCAAT toll-free number

[GPS HOME](#) | [HELP](#)



Access your GPS account online
Request a User ID
866.996.9523

Returning Users: Login 

User ID:

Password:

Remember My User ID
[Forgot Password?](#)

Log In

PMA Financial Network, LLC

GOVERNMENTAL PORTFOLIO SYSTEM

A secure online investment execution and reporting tool.



What is PMA GPS™?

▶ [Overview of PMA GPS®](#)



Protecting Your Security

▶ [Important notice regarding spam e-mail](#)

PMA's new GPS site offers user-friendly and convenient access to your governmental portfolio accounts at any time over a secured server. PMA GPS® allows LGIP participants to process redemptions, purchases and exchanges online over a secured server. Monthly account statements, daily confirms, historical statements and fixed rate investment portfolios are all available through PMA GPS®.

Important Update

PMA GPS® has added an updated security feature to enhance the safety of your online account. When logging in with an unrecognized or new IP Address, a temporary identification code will be sent to the email address associated with your account. Please retrieve this code to complete the log-in process from your device. The PMA GPS® team is available for any questions you may have: 630.657.6400





PMA Market Outlook

- ▶ Inflationary Pressures Have Shifted the Fed's Tone
- ▶ Growing Risks for Fiscal Stimulus and Debt Ceiling
- ▶ Stimulus Has Resulted in Elevated Asset Prices
- ▶ Corporate Credit and Earnings Fundamentals Remain Strong
- ▶ Downside Risks in Fixed Income and Equity Markets Through 2021
- ▶ Research and Security Selection Should Aid Performance



Fixed Term Services

- ▶ Offer a wide range of Fixed Term investments
- ▶ PMA Bank Funding – **use local banks**
- ▶ Service programs that provide value and efficiency for the Participant's overall investment process
 - ▶ Cash Flow Management and Bond Proceeds Management
 - ▶ No additional fee for these services
- ▶ Fully consolidated reporting for Participants



Bank Analysis

- ▶ Understanding credit quality
 - ▶ Is the bank "well capitalized"?
 - ▶ What type and quality of loans are made?
 - ▶ How profitable is the bank and what is the trend?
 - ▶ Does the bank face liquidity challenges?
- ▶ Other considerations
 - ▶ Does this investment hold undue headline risk?
 - ▶ Has the institution or management faced regulatory issues?
- ▶ Ongoing surveillance of credit quality is critical
 - ▶ How is performance changing at the bank?
 - ▶ What trends are developing in the banking industry?



Bond Proceeds Management Program

Investment Earnings Detail		Investment Proceeds Information	
\$508,957.21	Current Portfolio Interest Income Estimate	10/16/14	Closing Date - Investment Proceeds Received
\$1,125.42	Potential Interest Income on Balances (.2%)		
<u>\$510,082.63</u>	Estimated Interest Income (Not including Rebate)	\$43,130,786.07	Investment Proceeds Received
\$0.00	Original Portfolio Interest Income Estimate	+ \$510,082.63	Total Interest Income Net of Rebate
		= \$43,640,868.70	Total Funding Available as of 02/29/16
0.589%	Total Return for Arbitrage Purposes	- \$9,830,000.00	Cumulative Expenses Through 02/29/16
318	Weighted Avg Life of Future Projected Expenses	= <u>\$33,810,868.70</u>	Outstanding P & I Net of Rebate after 02/29/16

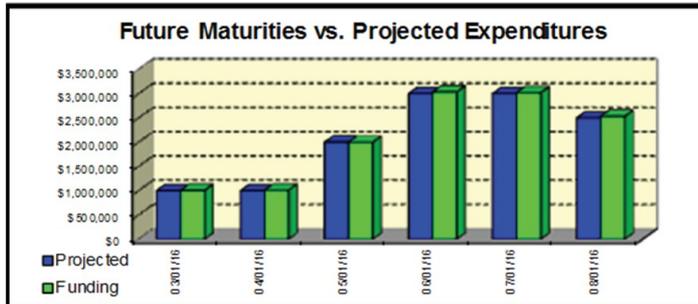
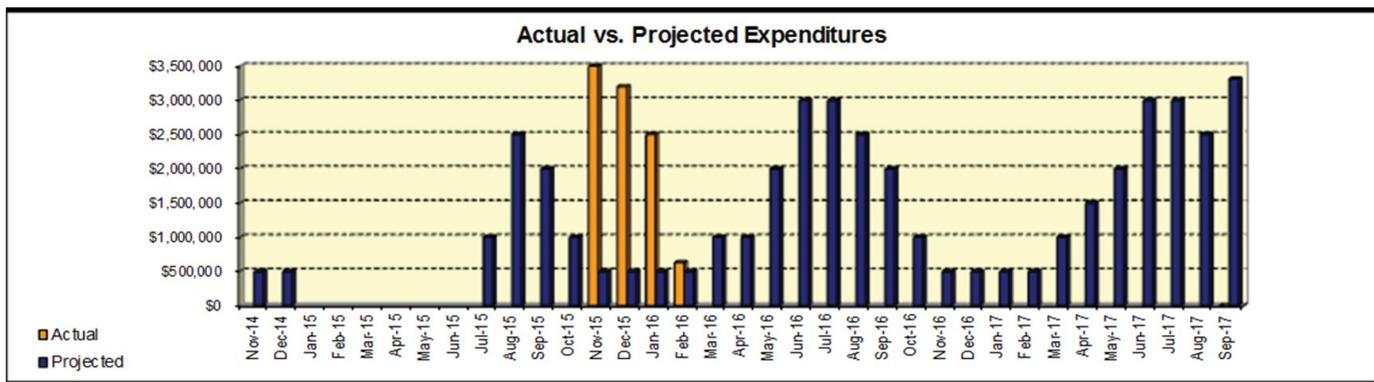
Portfolio Arbitrage Status	
Yield Restriction: The bond proceeds currently fall under the three year temporary period and are therefore not yield restricted.	
Arbitrage Rebate: The proceeds are subject to arbitrage rebate; however, the district is currently investing below the arbitrage yield and currently does not expect to pay arbitrage.	

\$510,082.63	Estimated Interest Income (Not including Rebate)	\$510,082.63	0.589%	Current Interest Estimate for Arbitrage Purposes
\$0.00	Anticipated Arbitrage Rebate Liability	\$2,541,350.58	2.830%	Maximum Interest Limited by Arbitrage Yield
<u>\$510,082.63</u>	Total Interest Income Net of Rebate	<u>\$0.00</u>	-2.241%	Potential Arbitrage Rebate Liability

Regulatory Requirement		Actual/Projected Portfolio Status		Regulatory Status as of 02/29/16	
Estimated Spend-Down Requirements		Cumulative Expenses		\$9,830,000.00	Expenses to Date: 22.52%
04/16/15	10% \$4,364,086.87	0.00%	\$0.00	Actual Expense	Not met regulatory requirement
10/16/15	45% \$19,638,390.91	0.00%	\$0.00	Actual Expense	Not met regulatory requirement
04/16/16	75% \$32,730,651.52	24.82%	\$10,830,000.00	Projected Expense	Not met regulatory requirement
10/16/16	100% \$43,640,868.70	55.75%	\$24,330,000.00	Projected Expense	Not met regulatory requirement
10/16/17					Not met regulatory requirement



Bond Proceeds Management Program

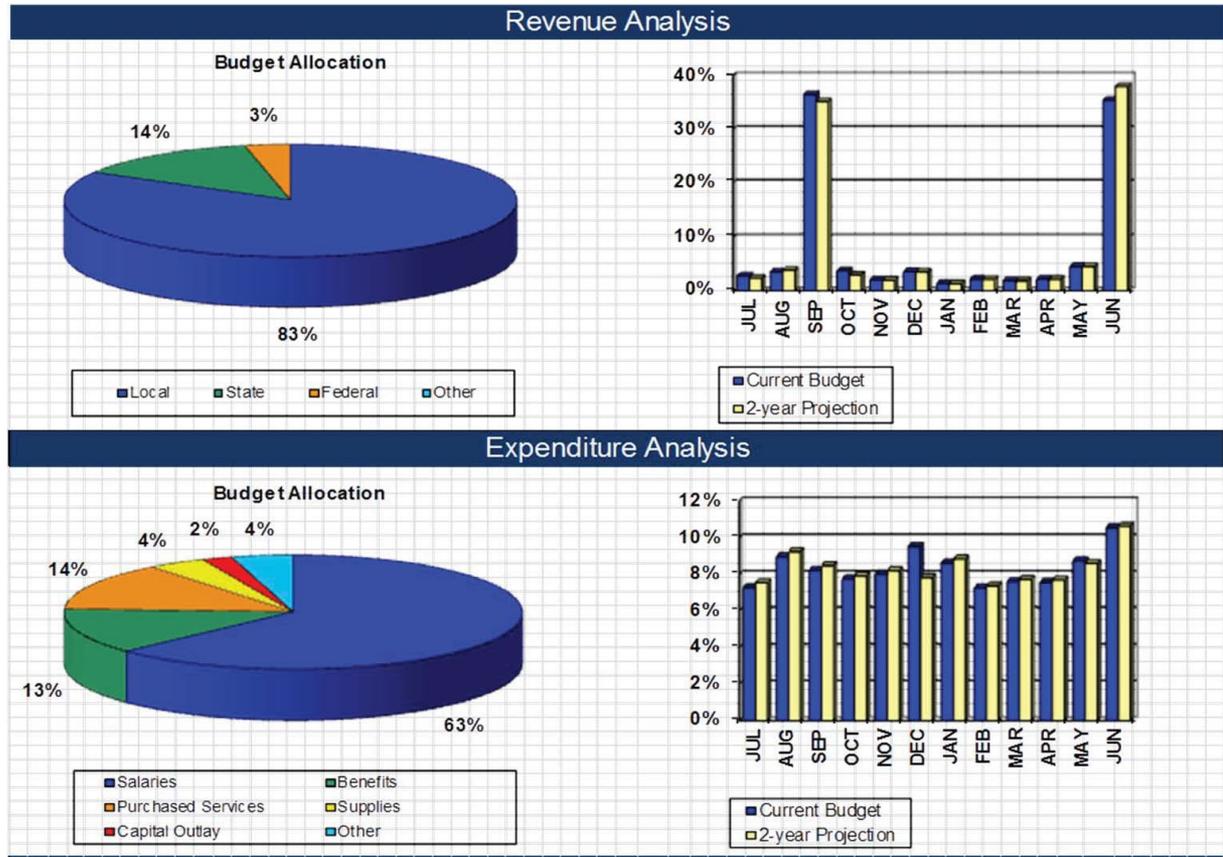


Cash Flow Focus - Payouts

Funding Date	Projected Expenses	Portfolio Funding
03/16/16	\$1,000,000.00	\$1,005,162.62
04/20/16	\$1,000,000.00	\$1,010,572.10
05/17/16	\$2,000,000.00	\$1,998,047.57
06/22/16	\$3,000,000.00	\$3,034,469.53
07/20/16	\$3,000,000.00	\$3,020,563.17
08/17/16	\$2,500,000.00	\$2,532,566.69



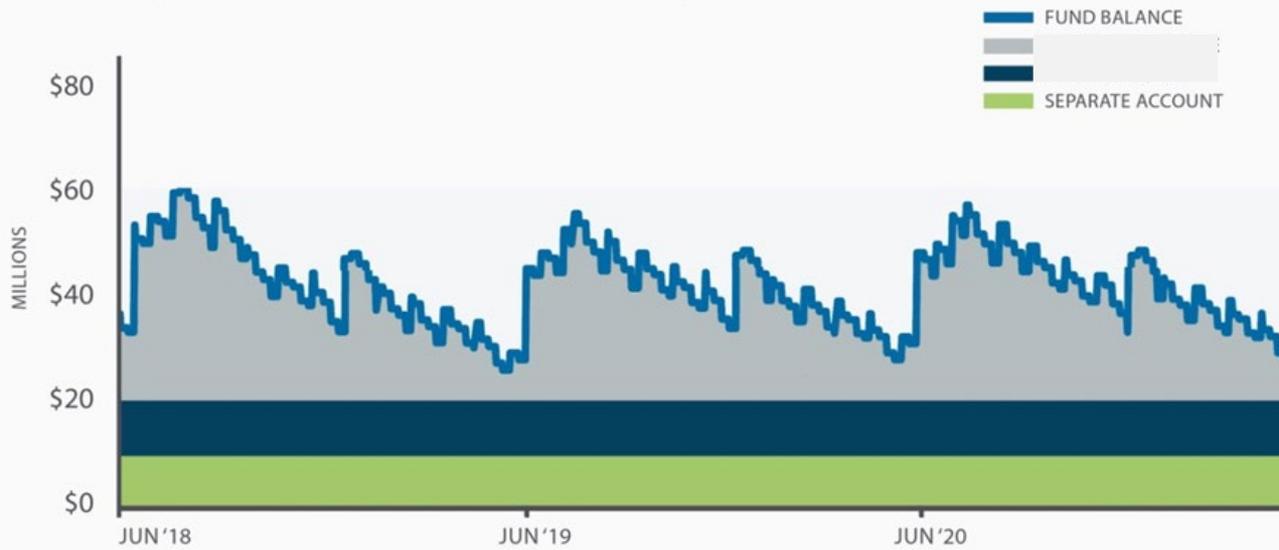
Cash Flow Analysis & Investment Plan





Cash Flow Analysis & Investment Plan

Sample Cash Flow Analysis



*The analysis or information presented here is based on hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results will be achieved.



Cash Flow Analysis & Investment Plan

Cash Flow Schedule - June 2016

Date	Day	Revenues			Expenditures			Maturities	Investments	Money Mkt Funds
		Taxes	GSA	Other	Payables	Payroll	Other			
								<i>Opening Balance</i>	\$20,251,289	
1	Wed	\$20,000,000						\$7,500,000	\$32,751,289	
14	Tue		\$1,112,574		\$10,886,960	\$9,592,726	\$4,600,000		\$17,984,177	
15	Wed	\$60,000,000						\$50,900,000	\$27,084,177	
23	Thu	\$30,000,000						\$11,600,000	\$45,484,177	
24	Fri	\$5,000,000	\$1,112,574					\$6,100,000	\$45,496,751	
28	Tue				\$3,086,960				\$42,409,790	
29	Wed					\$9,592,726	\$5,721,399		\$27,095,665	
30	Thu			\$6,046,922				\$6,000,000	\$27,142,587	
Total		\$115,000,000	\$2,225,148	\$6,046,922	\$13,973,920	\$19,185,453	\$5,721,399	\$4,600,000	\$82,100,000	\$27,142,587

Consortium Partners:

- EducationPlus
- The Cooperating School Districts of Greater Kansas City
- The Missouri Association of Rural Education (MARE)
- The Greater Ozarks Cooperating School Districts

Experience the Value of a Consortium

UMB is strongly committed to providing purchasing cards and card-based payment solutions to the public sector. UMB and MOCAAT have partnered to create a Purchasing Card Consortium that aggregates the spend of all participants to maximize each participant's rebate. UMB's combination of benefits, service and no-cost technology can help you achieve more with less.

UMB MOCAAT Consortium Benefits

Increased rebate	<ul style="list-style-type: none">• No minimum level of spend to receive the rebate• No average transaction requirements• Rebate level driven by the consortium participants' aggregate spend
Cost savings	<ul style="list-style-type: none">• No annual card fee• No implementation or training fees
Dedicated customer service	<ul style="list-style-type: none">• Committed service team to help maximize your program• Customized solutions based on UMB's expertise

UMB Purchasing Card Benefits

Significant cost savings	<ul style="list-style-type: none">• Receive 55-90% cost savings with purchasing card efficiencies vs. purchase order and payment processes
Improved operational efficiencies	<ul style="list-style-type: none">• Streamline purchase order processes and eliminate the time and paperwork associated with requisitions, approvals and invoice processing
Improved reconciliation	<ul style="list-style-type: none">• Integrate with accounting systems and online reporting for efficient reconciliation
Enhanced purchasing control	<ul style="list-style-type: none">• Spending limits per single transaction or per month• Vendor blocking – restrict card usage to include or exclude vendors

Supplier Benefits

Timely and predictable payments	<ul style="list-style-type: none">• Improve cash flow
Reduced costs	<ul style="list-style-type: none">• Reduce paperwork• Limit costs
Improved relationship	<ul style="list-style-type: none">• Provide enhanced customer service• Achieve and maintain preferred supplier status



Supporting Missouri Communities

- ▶ Local Office in Saint Louis
- ▶ Missouri Office – Missouri Team
 - ▶ Jason Hoffman
 - ▶ John Jungmann
- ▶ UMB Bank – HQ in Kansas City, branches throughout Missouri
- ▶ Fund Counsel in Saint Louis - Armstrong-Teasdale
- ▶ Partnership with school associations
- ▶ “Local Values. Trusted Advantage”

MOCCAAT™

Local values.
Trusted advantage.

A complete
line of financial
management services
for Missouri communities.

The Missouri Capital Asset Advantage
Treasury™ (MOCAT™) is a full financial
management resource for Missouri school
districts, municipalities, counties, and colleges.

Established in 2020 by EducationPlus, the Cooperating
School Districts of Greater Kansas City, the Missouri
Association of Rural Education (MARE), and the Greater Ozarks
Cooperating School Districts, MOCAT™ seeks to bring a new level of
service and performance to Missouri communities.

1460 Craig Road | St. Louis, MO 63146 | T 866.403.4638 | W www.investmocat.com

MOCCAAT



Service to Missouri Public Entities

- ▶ **Competitive product** for Missouri public entities
- ▶ **Inclusion of MO banks** throughout the State – PMA Bank Funding Program
- ▶ Fixed Term services including **consolidated reporting** with the Fund
- ▶ **Additional products** – Cash Flow Planning and Bond Proceeds Management
- ▶ **Secure, online access and reporting**

MOCAAT Philosophy: **Partnership**

Thank You! Questions?

Disclaimer

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