

## Investment Advisory Committee Meeting

July 19, 2012

### Members in Attendance:

Ed Leonard, Franklin County Treasurer  
Zak Talarek, Designee for Commissioner Paula Brooks  
Shawn Rieder, Designee for Clerk of Courts, Maryellen O'Shaughnessy  
Ken Wilson, Designee for Commissioner Marilyn Brown

### Guests in Attendance:

Dennis Yacobozzi, President UACC  
Kevin Klingel, Vice President UACC  
Emily Perkins, Investment & Cash Management Officer, FCT

### **Call to Order**

Treasurer Leonard called the 2012 second quarter meeting of the Franklin County Investment Advisory Committee (IAC) to order at 2:13 p.m.

### **Approval of Minutes**

The first order of business was to approve the minutes from the April 19, 2012 meeting. Zak Talarek moved to accept the minutes and Ken Wilson seconded the motion. Minutes were approved.

### **Economic Outlook**

Treasurer Leonard then asked Mr. Yacobozzi to update the group on the economic outlook. Mr. Yacobozzi informed the group that after an increase in interest rates during the first quarter of 2012, as the Federal Reserve's second round of asset purchases (QE II) was completed, interest rates moved significantly lower during the second quarter, after the Fed voted to extend the "operation twist" program through year-end and indicated that they are "prepared to take further action" if needed.

Mr. Yacobozzi noted several reasons investors expect US rates to remain low: the Fed believes that longer-term inflation will remain stable; annual GDP growth has slowed and is likely to remain below 2%; and unemployment levels remain elevated. He also discussed the ongoing European debt crisis, which has increased worldwide investor demand for the safety of US government debt and has pushed rates lower. However, Mr. Yacobozzi also indicated that, with no clear plans being introduced by Washington, there are a lot of unknowns regarding the US economy. Finally, Mr. Yacobozzi discussed proposed legislative changes regarding the purchase of municipal bonds by the County Treasurer.

### **Portfolio Allocation/Strategy**

Mr. Yacobozzi then moved on to discuss the portfolio allocations. He stated that the majority of Franklin County investments are federal agency securities, and that there was an increase in investment activity during the quarter, due to called bonds and reinvestments. Commercial paper was also purchased in the last quarter to increase investment earnings during the County's real estate tax collection period. Mr. Yacobozzi also indicated that the overall portfolio strategy for the county will remain the same.

The meeting was then turned over to Mr. Klingel. In order to increase investment income under current market conditions, the size of the core portfolio has doubled over the last five years, as money was transferred from the liquidity portfolio. There was also a higher concentration of non-callable assets in the core portfolio five years ago, but that has since changed to a higher concentration of callable assets to maximize investment income. He indicated that there will be little scheduled reinvestment over the next twelve months due to the maturity distribution of assets, but that call risk remains high. Mr. Klingel also touched on the fact that investing in commercial paper helped double the short-term yields the County was receiving, and that the core portfolio yield will be back above 1%, after the commercial paper matures.

Mr. Klingel also reported that the first interest payment on the Franklin County Convention Facilities Authority bond was received in June. He went on to discuss the County's bond proceeds portfolio and noted that most of the short-term discount notes in the portfolio have matured and that any remaining money is in the Federated US Government MMF, ahead of scheduled disbursements. He also indicated that if there is a change in when money will be disbursed out of this portfolio for county projects, that there is still the option to purchase agency discount notes or commercial paper for added income.

Ms. Perkins provided an overview of the liquidity portfolio and the rates paid by various financial institutions.

### **Future Meeting**

With no further discussion, Treasurer Leonard set the next meeting date for October 25, 2012 at 2:00 p.m. Zak Talarek moved to adjourn the meeting and Ken Wilson seconded the motion. The meeting was adjourned at 2:48 p.m.

Minutes were approved on October 25, 2012

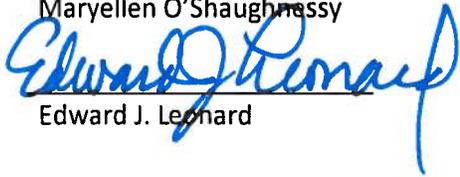
Voting Aye thereon:

  
Paula Brooks

  
Marilyn Brown

  
John O'Grady

  
Maryellen O'Shaughnessy

  
Edward J. Leonard

Voting Nay thereon:

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Paula Brooks

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Marilyn Brown

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John O'Grady

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Maryellen O'Shaughnessy

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Edward J. Leonard