

Investment Advisory Committee Meeting

April 15, 2013

Members in Attendance:

Ed Leonard, Franklin County Treasurer
Don Brown, Designee for Commissioner John O'Grady
Zak Talarek, Designee for Commissioner Paula Brooks
Shawn Rieder, Designee for Clerk of Courts, Maryellen O'Shaughnessy

Absent

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 2013 first quarter meeting of the Franklin County Investment Advisory Committee (IAC) to order at 2:01 p.m.

Approval of Minutes

The first order of business was to approve the minutes from the October 25, 2012 meeting. Mr. Talarek moved to accept the minutes and Mr. Brown seconded the motion. Minutes were approved.

Economic Outlook

Treasurer Leonard requested Mr. Yacobozzi update the group on the economic outlook. Mr. Yacobozzi discussed the economy and the impact it has had on the County's portfolio, as well as the investment strategy going forward.

Mr. Yacobozzi noted that the Federal Reserve is likely to continue the latest asset purchase program (QE3 @ \$85 billion/month) through year-end, given the weaker than expected U.S. employment growth, combined with minimal inflation. He added that these Fed purchases have resulted in considerably lower interest rates and tighter yield spreads across most maturities and asset classes. However, after extending the portfolio maturity over the last two years, the County expects to maintain the current average portfolio maturity of approximately 2.75 years to minimize further decline in portfolio earnings. In addition to the 2013 Q1 investment portfolio report, Mr. Yacobozzi also reviewed a quarter-by-quarter table of the portfolio characteristics, noting the

stabilization of the core portfolio's size and maturity during the last few quarters. Finally, he advised the Committee that high quality commercial paper may be added to the core portfolio later this year, to provide additional front-end liquidity, and to reduce the portfolio's average maturity. This increased liquidity position will lessen the impact of higher rates on the portfolio's market value as the U.S. economy improves and the Fed begins to remove fiscal stimulus.

Bond Proceeds Portfolio

Mr. Klingel reviewed the Bond Proceeds Quarterly Investment Portfolio Report, and noted that uncertainty regarding the final spend-down of the remaining \$3,000,000 has limited investment opportunities, and that these funds remain in a U.S. Govt MMF. Mr. Talarek informed the Committee that the sale proceeds from new bonds being issued by the County this summer will be deposited into the existing bond proceeds account for investment.

Treasurer Leonard informed the Committee that a bill that would require 5% of the portfolio in precious metals was introduced but it is not expected to go anywhere.

Liquid Portfolio

Ms. Perkins noted that the County maintains a minimal balance in the liquid portfolio, except during real estate tax collection periods. She indicated that cash accounts will continue to be minimized and, when possible, funds will be moved to the core portfolio where yields are considerably higher. Quarterly liquid portfolio earnings totaled \$41,318.63.

Ms. Perkins also reported that total 1st quarter investment income was \$1,876,722.68.

Future Meeting

With no further discussion, Treasurer Leonard set the next meeting date for April 18, 2013 after the end of the second quarter. Mr. Talarek moved to adjourn the meeting and Mr. Rieder seconded the motion. The meeting was adjourned at 2:45 pm.

Voting Aye thereon:

Don L Brown Designee
John O'Grady

Marilyn Brown

Paula Brooks Designee
Paula Brooks

Maryellen O'Shaughnessy Designee
Maryellen O'Shaughnessy

Edward J Leonard
Edward J. Leonard

Voting Nay thereon:

John O'Grady

Marilyn Brown

Paula Brooks

Maryellen O'Shaughnessy

Edward J. Leonard