

Investment Advisory Committee Meeting

January 23, 2014

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
Ken Wilson, Designee for Commissioner Marilyn Brown

Absent

Guests in Attendance:

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

Call to Order

Treasurer Leonard called the 2013 Fourth quarter meeting of the Franklin County Investment Advisory Committee (IAC) to order at 2:06 p.m.

Approval of Minutes

The first order of business was to approve the minutes from the October 17, 2013 meeting. Mr. Talarek moved to accept the minutes and Mr. Rieder seconded the motion. Minutes were approved.

Treasurer Leonard presented a resolution to the Committee to add a broker dealer. Zak Talarek moved to accept the resolution to add Jim Bowman and Raymond James Financial as broker dealer and Mr. Rieder seconded the motion. Motion passed.

Economic Outlook

Treasurer Leonard requested Mr. Yacobozzi update the group on the economic outlook. Mr. Yacobozzi informed the Committee that 2013 was a year of transition, with the Federal Reserve announcing plans to reduce fiscal stimulus for the first time since the financial crisis began over 6 years ago. However, while the central bank voted to "taper" monthly bond purchases from \$85 billion to \$75 billion, the Fed also noted that they are likely to maintain the current target range (0 – 0.25%) for the federal funds rate "well past the time unemployment declines below 6.5%." The Fed has previously stated that "tapering is not tightening", and based on this outlook from the Fed regarding fiscal

policy, the Treasury yield curve, including the 2-year to 5-year maturity sector, continues to steepen.

Mr. Yacobozzi noted that U.S. economic growth remains consistent but slow, and that the national unemployment rate has come down to 6.7%, but that the labor participation rate is much smaller. He also noted that despite the fact that the Fed has begun to reduce monthly bond purchases, the Fed's balance sheet is still growing considerably. Mr. Klingel added that most analysts expect the Fed to continue to reduce monthly bond purchases by 10 billion dollars per meeting, and complete all bond purchases by the end of the year.

Core Portfolio

Mr. Klingel started with a review of the quarter by quarter analysis over the last few quarters. He noted that the County has reduced the average portfolio maturity by reducing the number of long maturity purchases, and by adding commercial paper to the core portfolio. Mr. Klingel indicated a current portfolio target maturity of approximately 2 ¼ years, and noted that the average portfolio yield has remained 77-78 basis points over the last few quarters. Additionally, if the yield curve continues to steepen, the County is likely to see a gradual increase in the average portfolio yield, as new higher yielding securities are purchased.

Bond Portfolio

Mr. McCourt reported that the bond portfolio had little activity over the quarter, and reviewed the maturity analysis chart with the Committee. He indicated that most investments mature within 9 months with some in the 1-2 year range. Mr. McCourt noted that the majority of these investments are commercial paper with the remainder in non-callable federal agency securities.

Liquid Portfolio

Liquid portfolio had a yield of about 11 BPS for the fourth quarter of 2013.

FY2013 earnings totaled \$7.736MM.

Future Meeting

With no further discussion, Treasurer Leonard set the next meeting date for April 17, 2014. Mr. Talarek moved to adjourn the meeting and Mr. Wilson seconded the motion. The meeting was adjourned at 3:12 pm.

Voting Aye thereon:

Kenneth N. Wilson, Designer
Marilyn Brown

John O'Grady, Designer
John O'Grady

Paula Brooks, Designer
Paula Brooks

Maryellen O'Shaughnessy, Designer
Maryellen O'Shaughnessy

Edward J. Leonard, Designer
Edward J. Leonard

Voting Nay thereon:

Marilyn Brown

John O'Grady

Paula Brooks

Maryellen O'Shaughnessy

Edward J. Leonard