

Investment Advisory Committee Meeting

October 30, 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

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 2014 third quarter meeting of the Franklin County Investment Advisory Committee (IAC) to order at 2:07 p.m.

Approval of Minutes

The first order of business was to approve the minutes from the July 17, 2014 meeting. Mr. Rieder moved to accept the minutes and Mr. Talarek seconded the motion. Minutes were approved.

Economic Outlook

Mr. Leonard called upon Mr. Yacobozzi of United American Capital to review 3QTR14, including a review of the portfolio's asset composition, average yield, and average maturity. He also reviewed the bond market since the previous quarter and additionally discussed past and present Federal Reserve policy and the impact upon market yields. Mr. Yacobozzi reflected upon the greater probability of higher rates and how a higher interest rate market will affect the County's portfolio and investment strategy. In addition, the County's \$900 million portfolio added 9 basis points during the quarter.

Issuer breakdown of the different agencies continued to be balanced between Fannie, Freddie, Home Loan and Farm Credit.

Overall, he indicated that market rates are higher compared to 2013. He discussed the Fed's steps toward normalizing the yield curve, commencing with the end of the monthly bond purchases (tapering) during 4QTR13. Mr. Yacobozzi reviewed the current state of the economy, progress in economic growth, employment gains, and inflation. Finally, the discussion ended with the current portfolio strategy and a review of the most recent FCCFA transaction --- the additional purchase of \$18 million in long term bonds to finance the parking garage (Series 2014).

Bond Proceeds Portfolio

Mr. McCourt reviewed the Bond Proceeds Quarterly Investment Portfolio Report, beginning with the portfolio analysis. He noted that the bond proceeds portfolio is winding down with only a few securities remaining and the sweep account balance declining to about \$2 ½ million. Treasurer Leonard reiterated that the purpose of the bond proceeds portfolio is to segregate such funds for investment and accounting purposes. A further discussion occurred regarding the influx of new revenue (sales tax) to be set aside for the construction of the jail. The real estate tax fund is set aside due to the fact that they are very short term funds for a specific purpose. Ms. Perkins stated that, beginning in January 2015, \$3.5 million will be invested each month. Mr. Talarek stated that the County Commissioners passed resolutions a few months ago regarding the deposits that will go into the fund which will be \$42 million next year. These funds will be in a separate portfolio. Mr. Wilson stated that now through 2018 there will be at least \$200 million deposited as it is collected.

Liquid Portfolio

Ms. Perkins stated 12 basis points was earned and the quarter ended at approximately \$68 million. Third quarter income is approximately \$1.8 million for a year-to-date of \$5,257 million. Investment income will exceed projections.

Future Meeting

With no further discussion, Treasurer Leonard set the next meeting date for January 22, 2015. Mr. Talarek moved to adjourn the meeting and Mr. Rieder seconded the motion. The meeting was adjourned at 2:27 pm.

Voting Aye thereon:

Marilyn Brown

John O'Grady

Paula Brooks

Paula Brooks

Maryellen O'Shaughnessy

Maryellen O'Shaughnessy

Edward J. Leonard

Edward J. Leonard

Voting Nay thereon:

Marilyn Brown

John O'Grady

Paula Brooks

Maryellen O'Shaughnessy

Edward J. Leonard