

Investment Advisory Committee Meeting

July 28th, 2016

Members in Attendance:

Ed Leonard, Franklin County Treasurer

Erik Janas, Designee for Commissioner John O'Grady

Zak Talarek, Designee for Commissioner Paula Brooks

Angela Radney, Designee for Clerk of Courts, Maryellen O'Shaughnessy

Ken Wilson, Designee for Commissioner Marilyn Brown

Guests in Attendance

Kevin Klingel, Vice President, UACC

Jim McCourt, UACC

Emily Perkins, Investment & Cash Management Officer, FCT

Call to Order

Treasurer Leonard called the 2016 meeting of the Franklin County Investment Advisory Committee (IAC) to order on July 28th, 2015.

Approval of Minutes

The first order of business was to approve the minutes from the previous meeting. Treasurer Leonard moved to accept the minutes and the committee seconded the motion. The minutes were approved.

Resolution 2016-1

This resolution was to add another broker deal to the list of approved dealers for the county. The motion was approved.

Economic Outlook

The Investment Advisory Committee discussed the domestic and global economic outlook, including Britain's vote to leave the European Union. This decision surprised many investors, and resulted in a "flight to quality" that initially pushed 2-year to 5-year Treasury yields 20 to 30 basis points lower, and also resulted in further flattening of the Treasury yield curve. Meanwhile, the Federal Reserve left rates unchanged at the June FOMC meeting, and although this decision was widely expected, the Fed also lowered future growth and future rate hike projections. However, the Fed continues to stress that monetary policy is not pre-set, and remains data dependent. Finally, while the Fed is considering another increase in the federal funds rate, other central banks are expected to maintain or increase fiscal stimulus. These diverging policies are likely to increase the yield differential between U.S. rates and other government bonds, making U.S. debt more attractive to international investors, and potentially limiting the increase in U.S. market yields.

Portfolio Analysis

United American Capital Corporation (UACC), the County's Investment Advisor, distributed the 2nd quarter FY16 Portfolio Report, which included an inventory of portfolio assets, and other reports that detailed

investment activity and investment income for the quarter. Also included were graphic illustrations depicting the portfolio's asset composition, maturity analysis, and a comparison of market yields.

UACC discussed all aspects of the portfolio's activity for the quarter, including a review of market conditions, which affected the value and return of the core portfolio. Additionally, UACC presented a quarter by quarter summary to illustrate changes in the portfolio over the last year. UACC also indicated that all investments made during the quarter are in full compliance with Chapter 135.35 of the Ohio Revised Code and the County's approved investment policy.

Federal Agency securities (callable and non-callable) remain the primary asset class, with the majority being non-callable. To increase overall portfolio liquidity without sacrificing yield, the County continues to increase commercial paper holdings. The core portfolio ended the quarter with a book value of approximately \$952,000,000 with an overall yield of 1.23 percent and an average maturity of 2.04 years, while the public safety center fund increased to a book value of over \$63,000,000 with a 1.12% yield and an average maturity of 2.32 years.

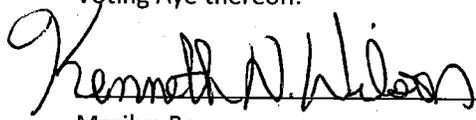
Liquid Portfolio

By the end of June there was \$687 million in the liquid portfolio. A majority of it is real estate funds, since that time \$250 million of that has been dispersed. During the quarter the county earned \$152,000 in the Liquid portfolio. Overall portfolio earnings for the Quarter were \$3,179,181.26.

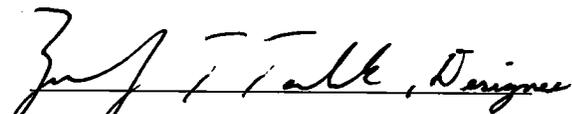
Future Meeting

Treasurer Leonard motioned to end the meeting. The motion was seconded and the meeting was adjourned. The next meeting will be taking place on October 20th, 2016 at 2:00 pm.

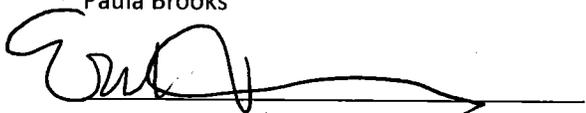
Voting Aye thereon:



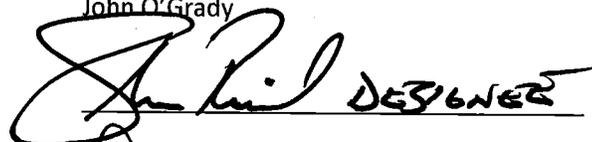
Marilyn Brown



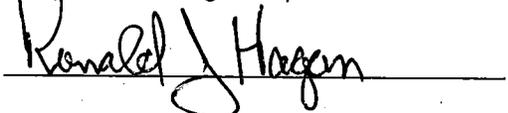
Paula Brooks



John O'Grady



Maryellen O'Shaughnessy



Ronald J. Hagan

Voting Nay thereon:

Marilyn Brown

Paula Brooks

John O'Grady

Maryellen O'Shaughnessy

Ronald J. Hagan