

Investment Advisory Committee Meeting
July 15, 2010

Members in Attendance:

Edward Leonard, Franklin County Treasurer
Zak Talarek, Designee for Commissioner Paula Brooks
Jennifer Mitchell, Designee for Clerk of Courts, Mary Ellen O'Shaughnessy

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 second quarter meeting of the Franklin County Investment Advisory Committee (IAC) to order at 2:05 p.m.

Approval of Minutes

The first order of business was to approve the minutes from the April 15, 2010 meeting. Zak Talarek moved to accept the minutes and Treasurer Leonard seconded the motion. Minutes were approved.

Economic Outlook

At this time, Treasurer Leonard turned the meeting over to Dennis Yacobozzi who presented an overview of the Economic Outlook.

Since the last meeting the yields are lower, we've had a focus on the global economy with European bank issues; corporate profits still fairly strong and unemployment is stubbornly high. Since the last depression during the early 80's, it took several years to drift down to the 5% textbook unemployment number. It's unrealistic to expect unemployment, which is between 9.7% and 9.9%, to drop down within the next couple years.

Inflation is not an issue, in terms of the portfolio size, when rates go higher a significant increase of additional income is in the future. A slowing of the economy's recent growth – probably 2 ½-3% GDP growth. Interest rates creating concerns, indecision in the private sector, lot of cash on sideline. Corporate and consumer spending is down, strong concerns that no one knows where we're going – being very cautious with lots of costs down the road, healthcare, etc.

In terms of the portfolio, rates continue lower but unrealized gains have risen. During the 1st Quarter, UACC began to add a new asset class, Agency Callable Step-ups. Callable Step-ups allows us to go out further for final maturity. Most importantly, need to generate as much income as we can two years and beyond, taking advantage of the curve. He then reviewed the handouts of the Core Portfolio on a quarter-to-quarter basis since June 2009. County portfolio doing quite well with a market value of over \$729 million.

Bond Proceed Portfolio Review

Mr. Kevin Klingel reviewed the Bonds Proceeds Portfolio stating that we did see a decline in the overall portfolio yield from blending in all the new money. The yield was still over 1% with one half year average maturity. He does not expect that to come down with the upcoming disbursements. Looking at the different asset categories, in the latest round of purchases, the largest category is the Federal Agency Discount Notes. The curve remains steep even in the money market. A recap of the cash in the Federal Money Market account is roughly \$12M.

Mr. Klingel then did a brief review of the purchases for the period, the sales call report and maturities that were structured to coincide with expected expenditures on the project. A recap of the interest history showed \$224,000 with an additional \$15,000 in realized gain on the bond that was recently called.

Mr. Yacobozzi stated that it is important to know, by having the ability to understand the cash flow, they have been able to push maturity out longer thus earning four times what the typical managed bond proceed account generates.

Treasurer Leonard requested an analysis of how the bond proceed portfolio is done, average yield, interest gain, etc. UACC will provide that at next quarterly meeting.

Ms. Perkins then reviewed the Liquid Portfolio handout showing a market value of \$737 million, but only through the tax collection. The charts in the handout showed a review of where the money is held and the interest earnings.

The current state of portfolio earnings for the 2nd Quarter Income is \$6,630,656.43 and the Income YTD as of 6/30/10 was \$10,224,890.74. On target for the \$19 million.

Future Meeting

With no further discussion, Treasurer Leonard set the next meeting date for the 3rd Quarter at October 21, 2010 @ 2:00 p.m. Zak Talarek moved to adjourn the meeting and Treasurer Leonard seconded the motion. Meeting adjourned.

Submitted by Janet Brown

Minutes were approved on October 21, 2010

Voting Aye thereon:

Voting Nay thereon:



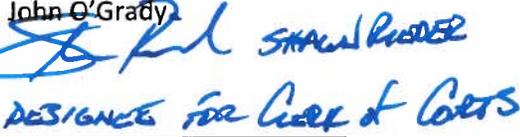
Paula Brooks

Paula Brooks

Marilyn Brown

Marilyn Brown



John O'Grady

DESIGNATE FOR CARE OF COSTS

Maryellen O'Shaughnessy

John O'Grady



Edward J. Leonard

Maryellen O'Shaughnessy

Edward J. Leonard