

Investment Advisory Committee Meeting

July 21, 2011

Members in Attendance:

Ed Leonard, Franklin County Treasurer
Zak Talarek, Designee for Commissioner Paula Brooks
Kenneth Wilson – Representative for Commissioner Brown
Don Brown – Representative for Commissioner O’Grady
Shawn Rieder, Designee for Clerk of Courts, Maryellen O’Shaughnessy

Guests in Attendance:

Dennis Yacobozzi, President UACC
Kevin Klingel, Vice President UACC
Bill Jennison – Executive Director, Franklin County Convention Facilities Authority
Dennis Schwallie – Attorney for Franklin County Convention Facilities Authority
Emily Perkins, Investment & Cash Management Officer, FCT

Call to Order

Treasurer Leonard called the first 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 21, 2011 meeting. Zak Talarek moved to accept the minutes and Don Brown seconded the motion. Minutes were approved.

Economic Outlook and Portfolio Allocation, Updates & Projections

At this time Treasurer Leonard turned the meeting over to Dennis Yacobozzi who presented the quarterly investment report and a review of economic conditions.

Currently, the average duration of the county’s portfolio is 2.5 years. The debt ceiling controversy is a major issue affecting the market at this time, but it is expected that a resolution will be reached. If a resolution to the federal budget is not resolved, the probability of another downgrade increases. Another downgrade may have the effect of a decline in bond prices (an increase in yields) which may negatively affect the market value of the portfolio. However, liquidity is strong and the County will continue to meet its current operating needs. Further action by the Fed may flatten the yield curve which would push longer term yields to lower levels. Accordingly, Mr. Yacobozzi’s opinion is to stay the course by maintaining the portfolio’s average yield at about 2.5 to 3.0 years.

With the Fed, QE2 (quantitative easing) ended on June 30th and, at this time; the market does not expect a QE3 unless the Fed believes that additional steps need to be taken.

As of June 30, 2011, we maintained an average maturity of 2.5 years. Mr. Yacobozzi indicated that the market volatility will continue until we see some measurable economic growth and a major improvement in the European debt crisis. The Treasurer has been able to move more funds into the bond market without compromising liquidity. With yields continuing to decline, adding funds in the bond market will mitigate the decline in earnings. The market value continues to exceed book value, which may change dramatically in the coming months. There has been significant activity in the portfolio in this quarter. With return diminishing, the percentage of callable issue has been increased in order to generate higher current income.

Quarterly Investment Portfolio Report

Mr. Kevin Klingel reviewed the Quarterly Investment Portfolio report. Interest received during the quarter was 4.6 million. Realized gains for this period largely resulted from bonds that were purchased at discounts.

The core portfolio summary shows the distribution of the maturities. Additional maturities will occur as we move toward the end of the fiscal year. The yield curve has declined, but it remains relatively steep.

Bond Proceeds

The spending has slowed down to what was expected. The remaining balance will be taken down as the project winds down. Per Don Brown within 120 days we should expect more money from the cash account is to go out for the project that is now complete. They are still working on their project punch lists to be completed before money will go out, but that is expected to be done by the end of September. There was more discussion about the timing of paying bills out of the bond proceeds and what can be done with the cash account in the meantime.

Liquid Portfolio

Treasurer Leonard asked Emily Perkins to go through the liquid portfolio. Overall rate of return for the quarter was 21 basis points. We ended the quarter with 645 million, in large part due to over 900 million dollars that came in for the 2nd half property tax collection. A large part of the 645 million we have is still real estate money that will leave the county August 2nd. The amounts available in the liquid portfolio will depend on some of the levy institutions spending. 300 million will probably go out to the schools. We have had a lot of moving of cash because the banks are not able to hold our money. Our highest account is offering 15 basis points.

Convention Facility Authority Proposal

A discussion took place regarding the possibility of Franklin County purchasing bonds to aid the Convention Facility Authority in adding on to and constructing a new parking garage attached to the convention center. Questions were asked of Bill Jennison, who answered them as well as provided those in attendance with reports and financial statements. The proposal was tabled for further discussion on the matter.

Future Meeting

With no further discussion, Treasurer Leonard set the next meeting date for October 27, 2011 at 2:00 p.m. Zak Talarek moved to adjourn the meeting and Kenneth Wilson seconded the motion. The meeting was adjourned at 3:05 p.m.

Minutes were approved on October 27, 2011

Voting Aye thereon:

Kenneth N. Wilson, of MB
Marilyn Brown

Paula Brooks, Resignee
Paula Brooks

John O'Grady, MB
John O'Grady

Maryellen O'Shaughnessy, RESIGNEE
Maryellen O'Shaughnessy

Edward J. Leonard
Edward J. Leonard

Voting Nay thereon:

Marilyn Brown

Paula Brooks

John O'Grady

Maryellen O'Shaughnessy

Edward J. Leonard