

Investment Advisory Committee Meeting

April 17, 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

Dennis Yacobozzi, President, UACC

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 2014 First 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 January, 2014 meeting. Mr. Talarek moved to accept the minutes and Mr. Rieder seconded the motion. Minutes were approved.

Treasurer Leonard presented resolution 2014-02 to the Committee for approval of changes to the approved Broker/Dealer list. The resolution presented was to remove Thomas Brudzinski with Huntington Investments and to add William Denehy with Huntington Investments. Zak Talarek moved to accept resolution 2014-02 and Mr. Rieder seconded the motion. Motion passed.

Economic Outlook

Treasurer Leonard requested Mr. Klingel give an overview of the economic outlook. Mr. Klingel started with a review of the market, as discussed in January the Federal Reserve will begin reducing their monthly bond purchase by \$10 billion at each subsequent meeting. The Core Portfolio reflects an increase in the 2-3 year sector because of the Fed comments. Chairperson Yellen commented that the timing for rate increases would be 6 months after the tapering ends. Expectations for the first possible

increase will be July of 2015 unless the Fed sees different data the next few meetings. There was talk of Fed funds being raised as high as 2% by the end of 2016. This depends on if inflation remains as low as it is. It is unlikely the rates will move that high that fast. The 2-3 year sector remains our focus point.

Core Portfolio

Mr. McCourt reviewed the Core portfolio for the first quarter of 2014 and informed the Committee that there was more turnover this quarter than last quarter. There were \$125 million in purchases made throughout the first quarter of the year. The overall maturity of the bonds has gotten short enough to where bonds are coming into the 1-2 year maturity range. Approximately \$120 million bonds were called and a few sales in maturities as well. This month \$40 million in cash will be moved so the portfolio will be back to \$900 million. The strategy remains the same, to continue buying in the 3 year maturity area. The overall yield as of 12/31/13 was 77 BPS and is now at 81BPS and hope to climb from there.

Bond Portfolio

There have not been any new purchases. At the end of the quarter, it showed \$5 million in cash drawn down and another \$2 million taken out today which left a balance of \$3 million in cash. A discussion was held regarding the reinvestment of \$10 million maturing this month.

Liquid Portfolio

During the quarter, the Liquid balance was on average \$90 million, of which \$40 million will be transferred to the Core Portfolio. The portfolio earned 12 BPS points overall. The total earnings for the overall Investments for the 1st quarter of 2014 were \$1.5 million.

Treasurer Leonard updated the Committee on legislation in the General Assembly dealing with the State Treasurer. Language was added by Representative Sprague regarding the counties ability to buy 100% of a bond offering by a political subdivision. The Association offered alternatives to Representative Sprague. The Treasurer's Association is supportive of the legislation overall but concerned about the amendment. A meeting is being set up with Senator Hughes, the sponsor in the Senate to make sure this amendment will not be included in the Senate version.

Future Meeting

With no further discussion, Treasurer Leonard set the next meeting date for June 19, 2014. Mr. Talarek moved to adjourn the meeting and Mr. Wilson seconded the motion. The meeting was adjourned at 2:31 pm.

Voting Aye thereon:

Voting Nay thereon:

Marilyn Brown

Marilyn Brown

Marilyn Brown

John O'Grady *designee*

John O'Grady

Paula Brooks

Paula Brooks

Paula Brooks

Maryellen O'Shaughnessy

Maryellen O'Shaughnessy

Maryellen O'Shaughnessy

Edward J. Leonard

Edward J. Leonard

Edward J. Leonard