

Investment Advisory Committee Meeting

July 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

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 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 17, 2014 meeting. Mr. Brown moved to accept the minutes and Mr. Talarek seconded the motion. Minutes were approved.

Economic Outlook

Mr. Yacobozzi reviewed the second quarter FY 2014, and indicated that bond prices have drifted lower, with 2-year Treasury Notes yielding about 50 basis points (up from a low of 30 bps during Q1). Mr. Yacobozzi noted that as equities continue to rally, bond prices have begun to decline, amid reduced investor demand for the safety of U.S. government debt. Additionally, with the Federal Reserve scheduled to end bond purchases (QE3) in October, yields could increase further. Finally, while interest rate futures still predict no increase in the federal funds rate before late-2015, the bond market is beginning to adjust on its own.

Investment Portfolio Review

Mr. Klingel and Mr. McCourt reviewed the most recent Quarterly Investment Portfolio Report and a comparative analysis of the portfolio over the last few quarters. They noted

that the yield of the core portfolio continues to increase as a result of higher yielding reinvestments during the period. Mr. McCourt also noted that recent purchases have primarily been 3-3 ½ year maturities. This strategy will maintain the County's average portfolio maturity around 2.3 years, and will increase overall portfolio yield/earnings.

UACC also reviewed the Bond Proceeds portfolio, and discussed the ongoing "spend down" of these funds. Recent bond proceeds purchases have been commercial paper maturing before year-end, and nearly all securities in the bond proceeds portfolio mature during 2014.

Other Investment Topics

Mr. Yacobozzi discussed the upcoming convention center obligation purchase, and indicated that it will be a separate \$16 mil deal with its own trustee who will collect both principal and interest from the convention center to be paid to the County. Mr. Yacobozzi noted that the pricing structure is the same as the 2011 issue (+200 bps vs. comparable maturity US Treasury issues), and that the repayment of principal will be evenly distributed over the life of the issue.

Mr. Brown updated the Committee on the construction of the jail and morgue. He indicated there may be some short term borrowing but no intent for long term permanent debt. Source of funds for both projects will be the temporary sales tax to be levied over a 5 year period. After a brief discussion, it was agreed that a sub account should be established to process the receipt and disbursement of these funds.

Treasurer Leonard and Ms. Perkins also indicated that a new investment policy draft is being developed to reflect recent changes to ORC 135.35. The new law will take effect in September, and will permit county treasurers to purchase the debt of any political subdivision within the State of Ohio. Updated Franklin County investment policy will limit the total percentage of municipal debt in the portfolio, and could limit the percentage of individual municipal issuers.

Liquid Portfolio

Current earnings are on target to meet or exceed the budgetary target.

Future Meeting

With no further discussion, Treasurer Leonard set the next meeting date for October 18, 2014. Mr. Talarek moved to adjourn the meeting and Mr. Rieder seconded the motion. The meeting was adjourned at 2:44 pm.

Voting Aye thereon:

Voting Nay thereon:

John O'Grady Designer

John O'Grady

John O'Grady

Marilyn Brown Designer

Marilyn Brown

Marilyn Brown

Paula Brooks Designer

Paula Brooks

Paula Brooks

Maryellen O'Shaughnessy Designer

Maryellen O'Shaughnessy

Maryellen O'Shaughnessy

Edward J. Leonard

Edward J. Leonard

Edward J. Leonard