

October 25, 2018

Committee Members Present:	Thomas Weckesser, Chair, Investment Advisory Committee Adrienne Heard, Board of Trustees, Immediate Past President Mark Donaghy, RTA Chief Executive Officer Mary K. Stanforth, RTA Chief Financial Officer
Advisory Member Present:	Jonathan Parks, Montgomery County
Advisory Members Excused Absence:	Amy Barker, Parallel Advisors, LLC LaShea Lofton, City of Dayton
Others in Attendance:	Eileen Stanic, Meeder Investment Management Julia Beard, RTA Interim Controller

Mr. Weckesser, Chair, called the meeting to order at 11:55 a.m. A quorum was present and proper notice of the meeting had been given.

Approval of April 19, 2018 Meeting Minutes

Mr. Weckesser asked if anyone desired a reading of the minutes or if there were any corrections to the minutes? Upon hearing no requests or corrections, Mr. Weckesser declared ACCEPTANCE of the April 19, 2018 Investment Advisory Committee meeting minutes.

Meeder Investment Financial Presentation - RTA's Portfolio Summary

Ms. Eileen Stanic began her presentation with an Economic Update. With regard to U.S. Domestic Growth, the Gross Domestic Product forecast indicates an increase of about 3.1% for 2018. This is somewhat higher than growth seen in 2016 and 2017. This percentage increase starts to slow moving forward with 2.5% projected for 2019 and 2.0% projected for 2020.

With regard to Oil and Diesel Fuel pricing, since April's Investment Advisory Committee meeting, prices have continued to rise. Currently we are seeing prices at about \$2.50 per gallon. At our April meeting prices averaged \$1.90 per gallon. During the second quarter of 2018 it was projected that the Syrian war as well as possible Russian sanctions might cause further pricing escalation. This has played out to be correct.

After unanimous vote at the September 2018 Federal Open Market Committee (FOMC) meeting, the Fed Funds target range increased to 2 – 2.25%. The factors influencing that change included: inflation remains near 2% while longer-term inflation expectations are little changed, and

1

increasing the target range is consistent with sustained expansion of economic activity and strong labor market conditions.

The 4.5% Unemployment rate is up only slightly from April's meeting. We continue to have a full employment state with employers finding it difficult to find qualified employees. Job candidates are often times non-compliant with pre-employment drug testing.

Ms. Stanic reported RTA's investment portfolio is \$35.63 Million and carries a weighted average maturity of 1.9 years. The weighted average yield on the portfolio is 1.61% and 2018 estimated Annual Interest Income is \$540,219. Ms. Stanic stated that she needs to review the calculation on the projected interest as this doesn't appear to be correct.

Meeder's recommendations to the Committee include:

- Recent trends in inflation and economic growth support the Federal Reserve policy of gradually increasing the Federal Funds Rate. The market is anticipating one (1) more rate increase in 2018, followed by additional increases in 2019. Given the outlook for rates to increase in the short-term, Meeder recommends continuing to stage investments inside one (1) year.
- Commercial paper continues to provide excess yield to the portfolio over alternative products, and Meeder recommends continuing to build the allocation to commercial paper in excess of the current allocation.
- With the rise in interest rates, Meeder favors higher coupon instruments to generate current income in the portfolio.

Committee members unanimously agreed with Meeder's above stated recommendations. This will be the path followed until the next Committee meeting.

Discussion Item – Montgomery County Sales Tax Receipts

Ms. Stanforth stated January - July 2018 receipts are \$299,000 or 1.4% *lower* than budget. The Proposed 2019 Sales Tax Revenue Budget has initially been pegged at \$37.9 Million. This is equal to year-to-date 2018 projections.


Other Business

Mr. Weckesser stated the next Committee meeting is tentatively scheduled for Thursday, January 17, 2019. Ms. Heard will likely Chair the meeting that day, as Mr. Weckesser has a prior work commitment.

Adjournment

Mr. Weckesser declared the meeting ADJOURNED at 12:45 p.m.

ATTEST


Mr. Thomas Weckesser, Chair
Investment Advisory Committee


Mary K. Stanforth
Committee Secretary