

**Investment Advisory Committee
Meeting Minutes**

January 23, 2020

Committee Members Present:	Thomas Weckesser, Committee Chair Adrienne Heard Mark Donaghy Mary K. Stanforth
Committee Member Excused Absence:	Franz Hoge
Advisory Member Present:	Jonathan Parks
Advisory Member Excused Absence:	LaShea Lofton
Others in Attendance:	Julie Beard Bob Ruzinsky Eileen Stanic

Mr. Weckesser called the meeting to order at 12:00 p.m. A quorum was present and proper notice of the meeting had been given.

Approval of October 17, 2019 Meeting Minutes

Mr. Weckesser asked if anyone desired a reading of the minutes or if there were corrections to the minutes? Upon hearing no requests or corrections, Mr. Weckesser declared ACCEPTANCE of the October 17, 2019 meeting minutes.

Greater Dayton Regional Transit Authority

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Meeder Investment Financial Presentation - RTA's Portfolio Summary

Ms. Stanic began her presentation with an Economic Update. As of September 2019 U.S. Gross Domestic Product (GDP) Growth was just over 2% quarter-over-quarter as well as year-over-year. This year's Presidential election may have an impact on GDP as we get closer to the fall of 2020.

Ms. Stanic then discussed the Institute for Supply Management Manufacturing Index. The graph depicts a significant drop since 2017, moving from 61 to 47. Numbers above 50 represent expansion, so we are experiencing a downward trend. Obviously longer term this is not good for our economy. Currently consumers are "driving" the economy as a result of low interest and unemployment rates.

Regarding Oil and Diesel Fuel pricing, AAA Diesel Retail Prices are in the \$60-\$65 per barrel range, which is up about \$10 per barrel from our October 2019 meeting. The slight uptick over the past quarter results from recent disputes with Iran. Pricing is still relatively low, with the likely scenario being higher future prices. With the US producing more and more diesel, this has buffered the increase in prices.

Regarding the U.S. Unemployment Rate, we continue to have a full employment state with employers finding it difficult to find qualified employees. The National Unemployment rate is currently under 4% and Ohio's rate is now at 3.5%, compared to 4.5% at our October 2019 meeting.

When looking at inflation, Personal Consumption Expenditures (PCE) inflation remains well below 2%. Market inflation expectations are in the 1.5% range over the next 5 years. The lower inflation expectations indicate a slowing economy.

Ms. Stanic presented the Federal Open Market Committee's (FOMC) December 2019 meeting highlights:

- Following three consecutive rate cuts, the Committee unanimously voted to hold rates steady at a target range of 1.50 – 1.75%.
- The new "dot plot" suggests 13 FOMC members see the Fed's target rate not changing through 2020, while 4 members see one rate hike.
- The FOMC remains generally optimistic about the economy, citing "solid" job gains and a "strong pace" of household spending, despite "weak business investment" and "muted" inflation.
- The Summary of Economic Projections continues to expect domestic activity to maintain a near 2% pace into next year with inflation pushing towards the Committee's 2% objective.
- The Fed removed the "uncertainties about this outlook remain" language from the latest statement, signaling they feel they have reached an appropriate level of monetary policy accommodation.

Ms. Stanic reported the par value of RTA's investment portfolio at December 31, 2019 is \$25.32 Million and carries a weighted average maturity of 1.69 years. The weighted average yield on the portfolio is 1.69% and the Annual Interest Income Projected on the current portfolio is \$427,891. The 2020 annual interest income *budget* is \$500,000.

Meeder's recommendations to the Committee include:

- Recent trends in inflation and slowing global growth support the Fed's recent actions of reducing the Federal Funds Rate. The market is anticipating one additional rate cut in 2020. Given this outlook for rates, Meeder continues to recommend extending the core portfolio, cash flow permitting.
- Commercial paper continues to provide excess yield to the portfolio over alternative short term products; therefore, Meeder recommends continuing to build the allocation to commercial paper.

Committee members unanimously agreed with Meeder's above stated recommendations. This will be the path followed until the next Investment Advisory Committee meeting which is scheduled for April 2020.

Discussion Item – Montgomery County Sales Tax Receipts

Ms. Stanforth reported October 2019 Sales Tax receipts equal \$3.39 million. In comparison, October 2018 receipts equaled \$3.07 million. Gains were realized in the areas of Sellers Use tax (\$136k), Statewide Master tax (\$78k) and Streamlined Sales and Use tax (\$95k). As a reminder, the Streamlined Sales and Use tax is related to the new tax withholding laws for Out of State Sellers and includes Internet sales transactions.

Year-to-Date (YTD) October 2019 Sales Tax receipts equal \$32.76 million. In comparison, YTD October 2018 receipts equaled \$31.17 million. Gains were realized in the areas of Sellers Use tax (\$532k), and Streamlined Sales and Use tax (\$509k).

It is very important to note that when comparing sales tax revenue to 2017 and previous years, *funding is off by about \$4 million as a result of the lost Medicaid Managed Care Tax.*

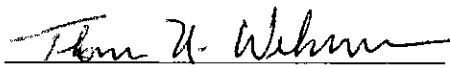
Other Business

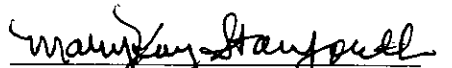
Mr. Weckesser stated the next Investment Advisory Committee meeting is scheduled for Thursday, April 23, 2020.

Adjournment

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

ATTEST


Mr. Thomas Weckesser, Chair
Investment Advisory Committee


Ms. Mary K. Stanforth, Secretary
Investment Advisory Committee