

October 17, 2019

Committee Members Present:	Thomas Weckesser, Committee Chair, Board of Trustees Adrienne Heard, Board of Trustees, Past President Franz Hoge, Board of Trustees, Past President Mary K. Stanforth, RTA Chief Financial Officer
Committee Member Excused Absence:	Mark Donaghy, RTA Chief Executive Officer
Board Member Present:	Sharon Hairston, Board of Trustees, President
Advisory Member Present:	Dan Gerhard, on behalf of Jonathan Parks, Montgomery County
Advisory Members Excused Absence:	Amy Barker, Parallel Advisors, LLC LaShea Lofton, City of Dayton
Others in Attendance:	Jason Headings, Meeder Investment Management

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 April 18, 2019 Meeting Minutes

Mr. Weckesser asked if anyone desired a reading of the minutes or if there were corrections to the minutes? There were no requests or corrections brought forth.

MOTION made by Mr. Hoge and SECONDED by Ms. Heard to ACCEPT the April 18, 2019 Investment Advisory Committee meeting minutes as presented. MOTION APPROVED by voice vote 4-0.

Meeder Investment Financial Presentation - RTA's Portfolio Summary

Mr. Headings began his presentation with an Economic Update. With regard to U.S. Domestic Growth, the Federal Reserve Median Projection is 2.3% for 2019. At our April 18th Committee meeting the 2019 projection was 2.1% and at the February 14th meeting the Projection was 2.3%. This is down from 2018's actual growth of 3.0%. The provisions of the New Tax Act, Slowing

Global Demand and downward signs in the Transportation Index are contributing factors to the overall lower Domestic Growth projection.

Mr. Headings discussed the Institute for Supply Management (ISM) Manufacturing Index. The graphical presentation depicts a significant drop in the index since September 2017. Since that time the index has dropped from 61 to 48. Numbers above 50 represent expansion, so therefore we are seeing a downward trend in manufacturing. This is negative for the overall U.S. economy.

Oil and Diesel Fuel pricing has been volatile over the past year. Currently AAA Diesel Retail Prices are in the \$50-\$60 per barrel range. This is relatively low, with the likely scenario being higher prices to be seen in the future.

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 just under 4% and Ohio's rate is about 4.5%.

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

Mr. Headings presented the Federal Open Market Committee's (FOMC) September 2019 meeting highlights:

- The FOMC voted 7-3 in favor of cutting its overnight target rate 0.25% for the second time this year to a range of 1.75% to 2.00%.
- The decision was not unanimous as one member voted in favor of a 0.50% cut and two members dissented in favor of maintaining the current range.
- FOMC Chairman Powell described the rate adjustment as "insurance against ongoing risks" and indicated the FOMC is not on a "preset course".
- Chairman Powell further stated "We see a favorable economic outlook ...though, there are risks to this positive outlook due particularly to weak global growth and trade developments".
- In a likely response to the recent move of the effective Fed Funds rate outside the target range, the Committee also lowered the interest on excess reserves (IOER) rate by 0.30%.
- There was some speculation that the Fed would announce a balance sheet increase to help boost liquidity, however, there was no mention of a standing repo facility or the start of balance sheet expansion.

Mr. Headings reported the par value of RTA's investment portfolio at September 30, 2019 is \$28.87 Million and carries a weighted average maturity of 1.80 years. The weighted average yield on the portfolio is 1.68% and 2019 Annual Interest Income is projected to be \$484,999. The 2019 annual interest income *budget* is \$500,000.

Meeder's recommendations to the Committee include:

- Recent trends in inflation and slowing global growth support the Federal Reserve's recent actions of reducing the Federal Funds rate. The market is anticipating additional rate cuts in 2019 and 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 January 2020.

Discussion Item – Montgomery County Sales Tax Receipts

Ms. Stanforth reported July 2019 Sales Tax receipts equal \$3.27 million which is \$203,000 or 6.6% *higher* than July 2019's budget. Year-to-Date (YTD) July 2019 receipts total \$22.45 million. This amount is \$807,000 or 3.7% *higher* than YTD July 2019's budget. When comparing Sales Tax receipts to the budgeted amounts it is imperative to factor in the loss of approximately \$4.0 million of Medicaid managed care tax. The 2019 budget was adjusted downward by \$4.0 million due to the loss of the Medicaid managed care tax. Therefore compared to prior years the Sales Tax Receipts have decreased significantly.

Committee members then discussed the Sales Tax Budget for 2020. Although YTD we have realized a 3.7% increase over budget, that trend is not expected to continue through the remainder of 2019. Recently it has been reported car sales and UPS deliveries are trending downward. The Committee concluded the 2020 Sales Tax Budget should reflect a 3.0% increase over the 2019 Sales Tax Budget.

Other Business

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

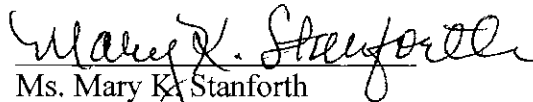
Adjournment

Mr. Weckesser declared the meeting ADJOURNED at approximately 1:00 p.m.

ATTEST



Mr. Thomas Weckesser, Chair
Investment Advisory Committee



Ms. Mary K. Stanforth
Committee Secretary