



**INVESTMENT COMMITTEE of the
ORANGE COUNTY COMPTROLLER'S OFFICE**

MINUTES OF ITS MEETING

June 21, 2016, 1:30 PM

**Orange County Comptroller's Office
Comptroller Conference Room A
Orange County Administration Center, 4th Floor**

Members attending: Bob Tessier, Margaret McGarrity, Barry Skinner, Paul Wunderlich, Robin Ragaglia and Jordan Cupps

Staff: Sean Polland, Carl Anderson and Amanda DeBoer

Guest: Grant Kalson

1. Ms. McGarrity opened the meeting to public comment

There were no comments.

2. Minutes of the last meeting

Mr. Tessier made a motion to approve the minutes from the March 22nd meeting. Mr. Skinner seconded the motion. The motion was passed in a unanimous vote.

3. Review of the Retiree Health Care Benefit Trust

Mr. Kalson presented the *Retiree Health Care Benefit Trust Performance Review – March 31, 2016*. He also pointed out that Orange County would no longer be eligible to invest in the Vanguard Prime Money Market Fund. Mr. Kalson recommended the Vanguard Treasury Money Market Fund as a replacement. This fund would provide a safe source of liquidity for the Trust to make monthly disbursements to participants.

Mr. Skinner made a motion to recommend the addition of the Vanguard Treasury Money Market Fund to the asset allocation in the Retiree Health Care Benefit Trust. Mr. Tessier seconded the motion. The motion passed in a unanimous vote.

4. Annual Review of the Investment Policy

The Committee did not believe any material changes to the Investment Policy were needed.

Mr. Skinner made a motion to accept the current Investment Policy. Mr. Tessier seconded the motion. The motion passed unanimously.

5. Review and discussion of rates of return and investment positions

Mr. Anderson distributed and presented the following reports:

- Effective Rates of Return by Asset Class for March, April and May
- Current Rates as of June 20, 2016
- Investment by Classification report as of June 20, 2016

Discussion followed. No action was taken.

6. Review and discussion of cash balances and cash flow

Ms. DeBoer distributed and presented the following reports:

- Pool Balance & Noncurrent Portfolio
- Cash Flow Analysis
- Equity in Pool Chart June 2007 – June 2016

Discussion followed. No action was taken.

7. Review of FLCLASS

Mr. Anderson made a presentation on FLCLASS. This local government investment pool would provide an alternative to current investments in the money market mutual funds currently utilized by the County, all of which are SEC registered 2a-7 funds comprised of Treasuries and Treasury-backed assets. FLCLASS is not an SEC registered fund. The primary benefit of FLCLASS would be higher returns on liquid investments. Other aspects of FLCLASS considered were as follows:

- Lack of transparency on asset holdings and concentration of pool participants.
- New fund with a short track record.
- The risk level for this type of pool appears elevated:
 1. Roughly 90% of assets were in commercial paper
 2. The weighted average maturity was 57 days (FL PRIME 29 days)
- It is not a permitted investment in the County's bond documents. Pooled funds, which include pledged revenues, cannot be invested in FLCLASS.
- Not approved in the Orange County Code of Ordinances.
- Florida PRIME provides comparable returns, better asset diversification, lower fees and greater transparency.
- FLGIT's asset holdings are safer and transparency is superior; however, their fees are higher and returns are lower.

Mr. Skinner made a motion to not recommend the addition of FLCLASS to the list of authorized investments. Ms. Ragaglia seconded the motion. The motion passed unanimously.

8. Next meeting date: To be determined


Minutes prepared by: Sean Polland

8/30/16
Date


Attest: Margaret A. McGarrity

8/30/2016
Date