

**MINUTES OF MEETING
INVESTMENT ADVISORY COMMITTEE**

The Meeting of the Investment Advisory Committee was held on Thursday, May 5, 2016 at 9:00 a.m. at the District Office Board Room, 984 Old Mill Run, The Villages Florida, 32162.

Board members present and constituting a quorum:

Charlie Smith	Chairman, NSCUDD
Paul Kelly	Vice Chairman, VCDD # 4
Paul Sykes	VCDD #1
Tilman Dean	VCDD #3
Gary Kadow	VCDD # 5
Sally Moss	VCDD # 6
Bill VonDohlen	VCDD # 7
Sal Torname	VCDD # 8
Dave Green	VCDD # 9
Art Rowe	VCCDD
Gerry Lachnicht	SLCDD

Staff Present:

Sarah Koser	Interim Finance Director
Barbara Kays	Budget Director
Janice Larned	Budget Analyst
Bridget Chianese	Staff Accountant
Candice Lovett	Deputy District Clerk

FIRST ORDER OF BUSINESS: Call to Order

A. Roll Call

Chairman Smith called the meeting to order at 9:01 a.m. and stated for the record that eleven (11) members were present representing a quorum. John Wilcox, John Blum, Tim Sennett and Gerry Andrews were absent.

B Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

SECOND ORDER OF BUSINESS: Approval of the Minutes for the Meeting held on February 4, 2016

On MOTION by Gary Kadow, seconded by Gerry Lachnicht, with all in favor, the Committee approved the Minutes from the Meeting held on February 4, 2016.

THIRD ORDER OF BUSINESS: Florida Local Government Investment Trust (FLGIT)

April Daniels, Florida Trust Client Relationship Representative, addressed the Committee and reviewed the Quarterly Program Overview handout as of March 31, 2016 with the Committee.

Beth Westvold, Payden & Rygel, provided an overview of Payden & Rygel and reviewed the Day to Day Fund as well as the Short Term Bond Fund information with the Committee.

Mr. Kelly inquired if a comparison between Florida Prime and Payden & Rygel Day to Day Funds could be completed and provided back to the Committee as information. Sarah Koser, Interim Finance Director, advised Staff has reviewed the information and had concerns in the past. Ms. Westvold advised the securities in the Day to Day Fund are very liquid and the portfolio is able to be managed.

Ms. Koser advised a comparison between the two can be completed and a report provided back to the Committee.

The Committee thanked Ms. Daniels and Ms. Westvold for the presentation.

FOURTH ORDER OF BUSINESS: PFM Asset Management LLC

A. Market Update and Review

Khalid Yasin and Michael Stewart, PFM Asset Management LLC, reviewed the economic summary with the Committee providing the following highlights:

- U.S. gross domestic product (GDP) expanded at an annual rate of 1.4% in the fourth quarter of 2015 and 2.4% for all of 2015.

- Job Growth remained strong as employers added 215,000 jobs in March, a bit above expectations, with gains in retail, construction, and health care. The unemployment rate ticked up to 5.0 % as the participation rate increased to 63%, the highest in two (2) years.
- On the inflation front, the core PCE price index rose 1.7% from a year earlier, the fastest pace since January 2013.
- The Federal Reserve, as expected, kept the target range for the federal funds rate unchanged at their March meeting. They noted that the U.S. economy was expanding at a moderate pace, household spending increased and job growth was strong.

B. Short-Term Portfolio

Mr. Stewart provided the following highlights from the executive summary:

- Florida Prime ended the quarter yielding .57%, which is an increase of .22% from the end of last quarter's performance
- FMIVT's last 12-month total return performance was .61%, which was an increase of .27% from the end of last quarter's performance.
- FLGIT's last 12-month total return performance was .75%, which was an increase of .26% from the end of last quarter's performance.

C. Long-Term Investment Portfolio

Mr. Yasin reviewed the Long-Term Investment Portfolio (LTIP) Asset Allocation & Performance as of March 31, 2016 advising the benchmark for the first quarter is 1.39-1.40 percent.

D. Overall Return for all Funds

Ms. Koser advised the combined investment performance as of March 31, 2016 was provided as information as previously requested by the Committee.

The Committee thanked PFM for the presentation and information provided.

FIFTH ORDER OF BUSINESS: Update on Progress of RFP for Money Market Services

Ms. Koser advised the RFP has been issued and proposals are due in the upcoming week. The recommendations and allocations for the new funds will be brought to the Committee at the August meeting. Chairman Smith requested the information be provided to the Committee once available.

SIXTH ORDER OF BUSINESS: FLGIT, FMIvT and SBA Portfolios

Ms. Koser advised a breakdown of the portfolios were provided to the Committee which shows a list of the FLGIT Holdings, FMIvT High Quality 1-3 year Bond Fund Holdings and SBA Holdings.

Ms. Moss excused herself from the meeting a 10:31 a.m.

SEVENTH ORDER OF BUSINESS: Investment Earning Rates through the month of March 2016 by Source

Ms. Koser advised the Committee has been provided the investment earning rates through the month of March 2016 for CFB, USB, SBA, FMIvT, FLGIT and LTIP.

EIGHTH ORDER OF BUSINESS: FMIvT and FLGIT Contributions, Redemptions and Balances

Ms. Koser stated the report was provided to the committee which provides the FMIvT and FLGIT contributions, withdrawals and unrealized gains/losses for each District since the inception through March 31, 2016.

NINTH ORDER OF BUSINESS: Information Items

A. Cash Analysis Worksheet prepared May 4, 2016 (handout)

An updated cash analysis worksheet was provided as information.

B. SBA Local Government Investment Pool Monthly Summary Report (March 2016)

The summary report was provided to the Committee.

C. FMIvT Fixed Income Holdings YTM, DUR and WAL as of March 2016

The report was provided to the Committee.

D. LTIP Return to Date (3/31/16)

Ms. Koser reviewed the information provided to the Committee regarding the analysis of net gain.

TENTH ORDER OF BUSINESS: Adjourn

The meeting was adjourned at 10:33 a.m.

On MOTION by Gary Kadow, seconded by Tilman Dean, with all in favor, the meeting was adjourned.

Janet Y. Tutt
Secretary

Charlie Smith
Chairman