

**Investment Advisory Committee
Meeting Minutes**

July 20, 2017

Committee Members Present:	David Williamson, Chair, Investment Advisory Committee Mark Donaghy, RTA Chief Executive Officer Mary K. Stanforth, RTA Chief Financial Officer
Committee Members Excused:	Adrienne Heard, Board of Trustees, President John Lumpkin, Board of Trustees, Chair Finance/Personnel
RTA Board Member Present:	Franz Hoge, Board of Trustees, Past President
Others in Attendance:	Michael Fink, the Carillon Group of Raymond James Deborah Howard, RTA Procurement Manager Jonathon Hollingsworth, Hollingsworth & Washington, LLC Lee Schierloh, The Schierloh Investment Group

Mr. David Williamson, Chair, 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 20, 2017 Meeting Minutes

Mr. Williamson 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. Williamson declared ACCEPTANCE of the April 20, 2017 Investment Advisory Committee meeting minutes.

Financial Presentation

Mr. Fink and Mr. Schierloh discussed the economy, Gross Domestic Product (GDP) and inflation, none of which has changed much over the past few years. What has changed is that unemployment has hit a 16-year low and the job market appears to remain strong. Despite low unemployment (albeit with a lower trend in labor force participation) wages remain stagnant.

The higher growth forecast late 2016 and earlier this year, based on political initiatives of the Trump administration, has failed to materialize. This, along with low inflation, creates difficulty

for the Federal Reserve (Fed) who has been outspoken about their desire to raise or normalize short-term interest rates as well as reduce the size of its balance sheet.

While the Fed Funds rate has increased 3 times since December 2016, given the continued low inflation readings it is unlikely that they will raise rates before December 2017. These rate increases have not translated into higher long-term rates and as such has led to a flattening of the yield curve.

Demographic factors, competing foreign interest rates and bond yields as well as the low growth and inflation are likely to keep yields on longer dated bonds low for the foreseeable future.

Mr. Fink noted that the investment portfolio stands at \$28,324,000 in face value. It is generating approximately \$371,000 per year in interest income and has a duration of 2.4 years. Yield to worst and maturity of the holdings stands at 1.31% and 1.38% respectively. The reduction in income from budget stems from the fact that the portfolio has been reduced by over \$5 million in the past year for the purchase of new buses.

Mr. Fink suggested that Staff consider repositioning some of the securities based on the forecast, boosting income and taking advantage of the flattening yield curve. Ms. Stanforth agreed and stated that she will work with Mr. Fink on repositioning a small portion of RTA's portfolio. Interest income generated from this will be approximately \$10,000.

Fuel Hedging Update

Ms. Stanforth reported for the month of June 2017 realized fuel hedging losses totaled \$33,000. This compares to June 2016 realized losses of \$76,000.

Year-to-Date June 2017 realized fuel hedging losses totaled \$149,000. This compares to Year-to-Date June 2016 realized losses of \$822,000.

Other Business

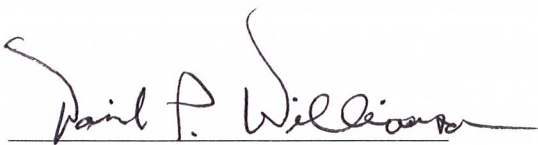
Mr. Hoge requested that October's meeting Agenda include a Discussion Item regarding cash flow projections.

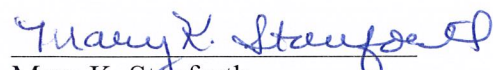
Mr. Williamson stated that the next Committee meeting will be held at 11:45 a.m. on Thursday, October 19, 2017.

Adjournment

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

ATTEST


Mr. David Williamson, Chair
Investment Advisory Committee


Mary K. Stanforth
Committee Secretary