Portage County

Investment Review

Presented to

The Investment Advisory Committee

By

PRODUCTIVE
Capital Management, Inc.
A registered investment adviser

June 18, 2013

INVESTMENT ADVISORY COMMITTEE
COMMISSIONERS' BOARDROOM
June 18, 2013

AGENDA

I. Call to Order

II. Approval of March 12, 2013 Quarterly Meeting Minutes

III. Portfolio Update

IV. Other Business

V. Adjournment

Exhibit A

INVESTMENT ADVISORY

The Investment Advisory Committee meeting minutes are summarized. The entire proceeding has been video taped and available for viewing at www.co.portage.oh.us.

The Portage County Investment Advisory Board meeting came to order on March 12, 2013 at 10:32 AM with the following members present:

Attendee Name	Title	Status
Kathleen Chandler	President	Present
Maureen T. Frederick	Vice President	Present
Vicki Kline	County Treasurer	Present

Guest: Debbie Newman, Productive Capital Management, Inc.

Motion To: Approve the Meeting Minutes from September 25, 2013

RESULT:	**ADOPTED**
MOVER:	Maureen T. Frederick
SECONDER:	Vicki Kline
AYES:	Maureen T. Frederick, Vicki Kline, Kathleen Chandler

Portfolio Update:

Ms. Newman, Productive Capital presented and discussed the Investment Review dated March 12, 2013 (attached Exhibit A).

Commissioner Chandler requested additional information about the possibility of the County paying down its debt since there is very little interest being earned. Ms. Newman suggested it is a good time to do this. Commissioner Frederick suggests a meeting with the County Auditor, Treasurer and Bond Counsel to discuss.

Commissioner Chandler suggests County Treasurer Kline compile the information on behalf of the Board.

Clerk will schedule meeting once County Treasurer Kline has discussed with Attorney Mike Sharb, Squire Sanders.

J13 at 10:55 AM

ıller, Vicki Kline

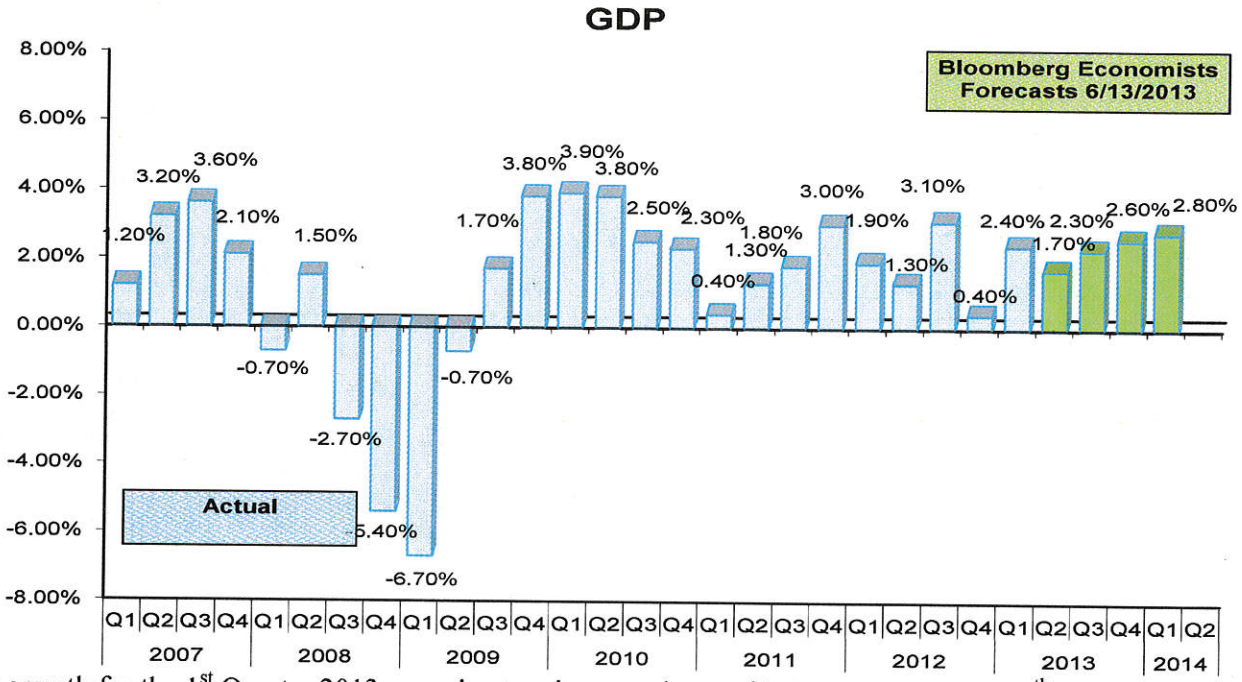
.d correct record of the Portage County Investment

Maureen T. Frederick, Vice President

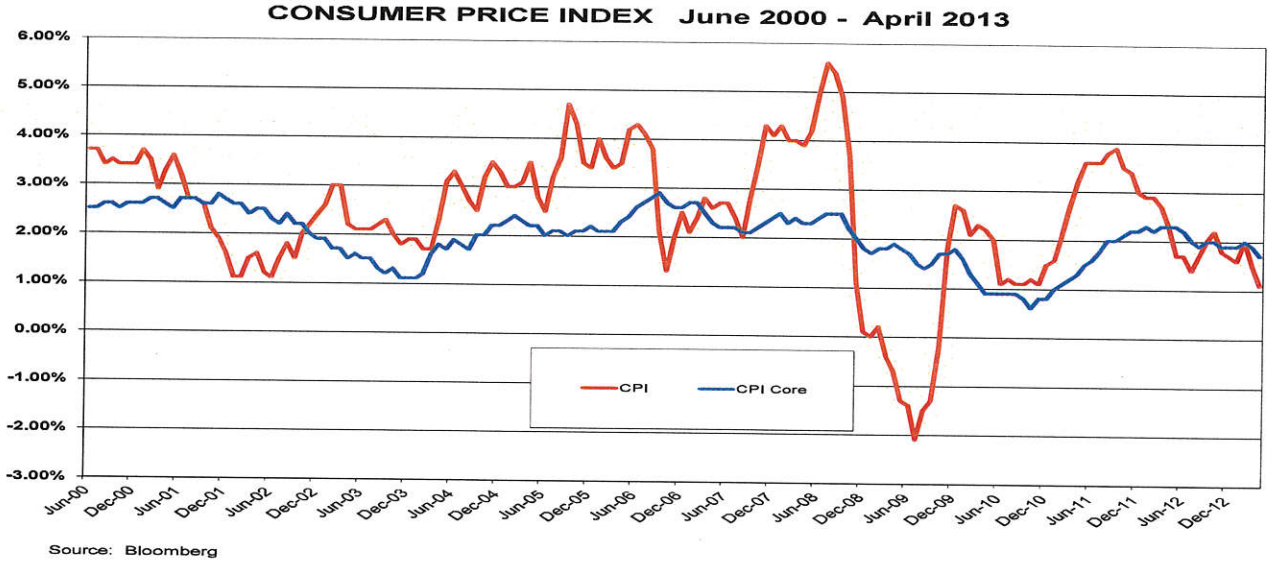
Amy Hutchinson, Clerk

Portage County
Investment Advisory Committee
June 18, 2013

➢ ECONOMIC CONDITIONS:



GDP growth for the 1st Quarter 2013 came in at an improved rate of 2.4% vs. .40% in the 4th quarter. The average GDP growth rate for 2012 was 2.2%. Economists are currently forecasting 2013 to be a bit weaker than 2012 with an average growth rate of 1.9%. They are also forecasting an improvement into 2014 of a 2.7% growth rate.



The CPI index has remained moderate at +1.1% YOY (year over year). The CPI Core index (less food and energy) is also up modestly at a 1.7% YOY. Gasoline prices are actually down 8.3% YOY while medical costs continue to the largest inflationary contributor up 3.4% YOY.

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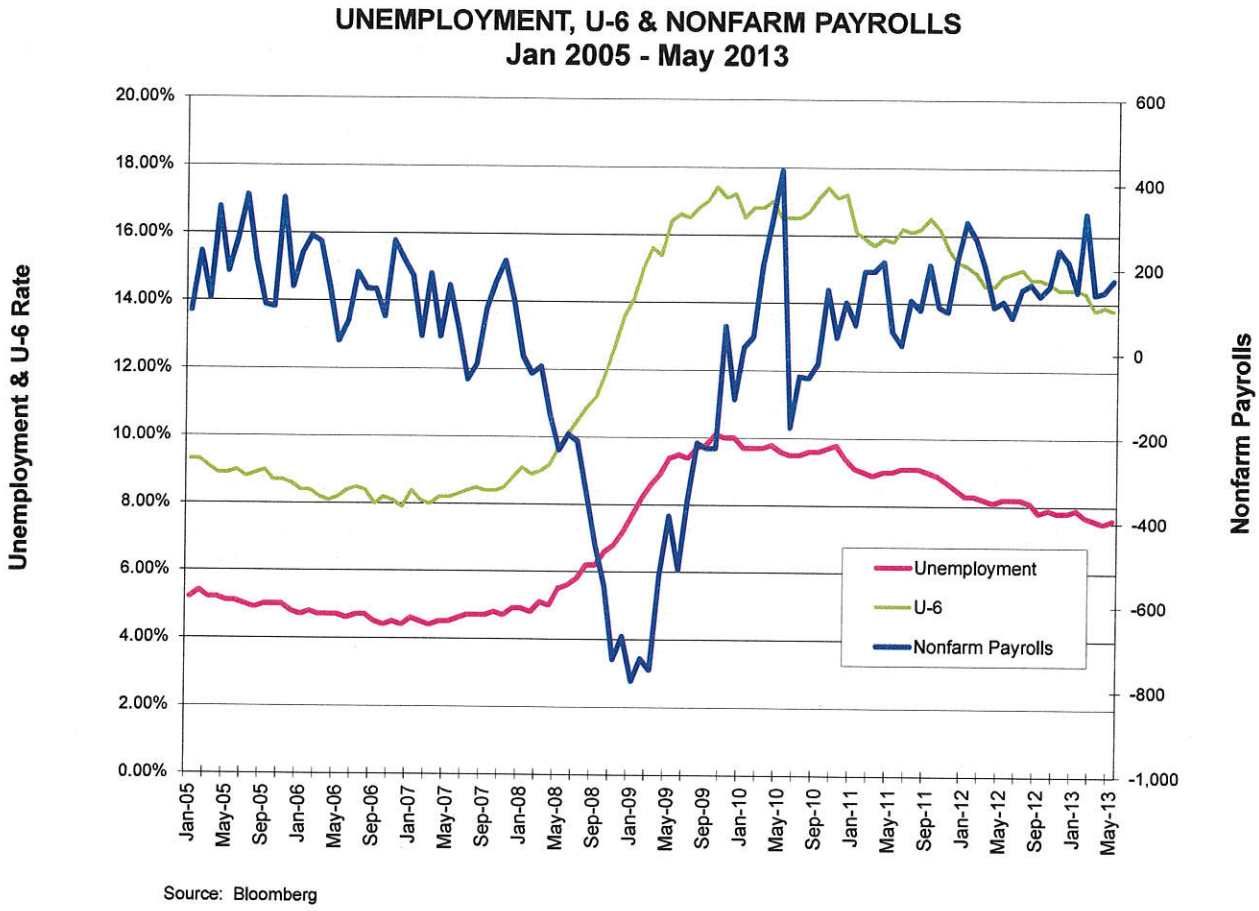

Source: Bloomberg

We are finally starting to see some consistent improvement in job creation. The unemployment rate is currently at 7.6 % a great improvement from a year ago at 8.2%. The nation has added an average of just under 200,000 new jobs per month over the past 6 months. Ohio has done better than the national average and is now at a 7.0% unemployment rate. The national U-6 rate which includes the underemployed and discouraged workers has remained at an elevated level of 13.8%. Portage County is currently at 6.6 % unemployment an improvement from a year ago at 6.9%.

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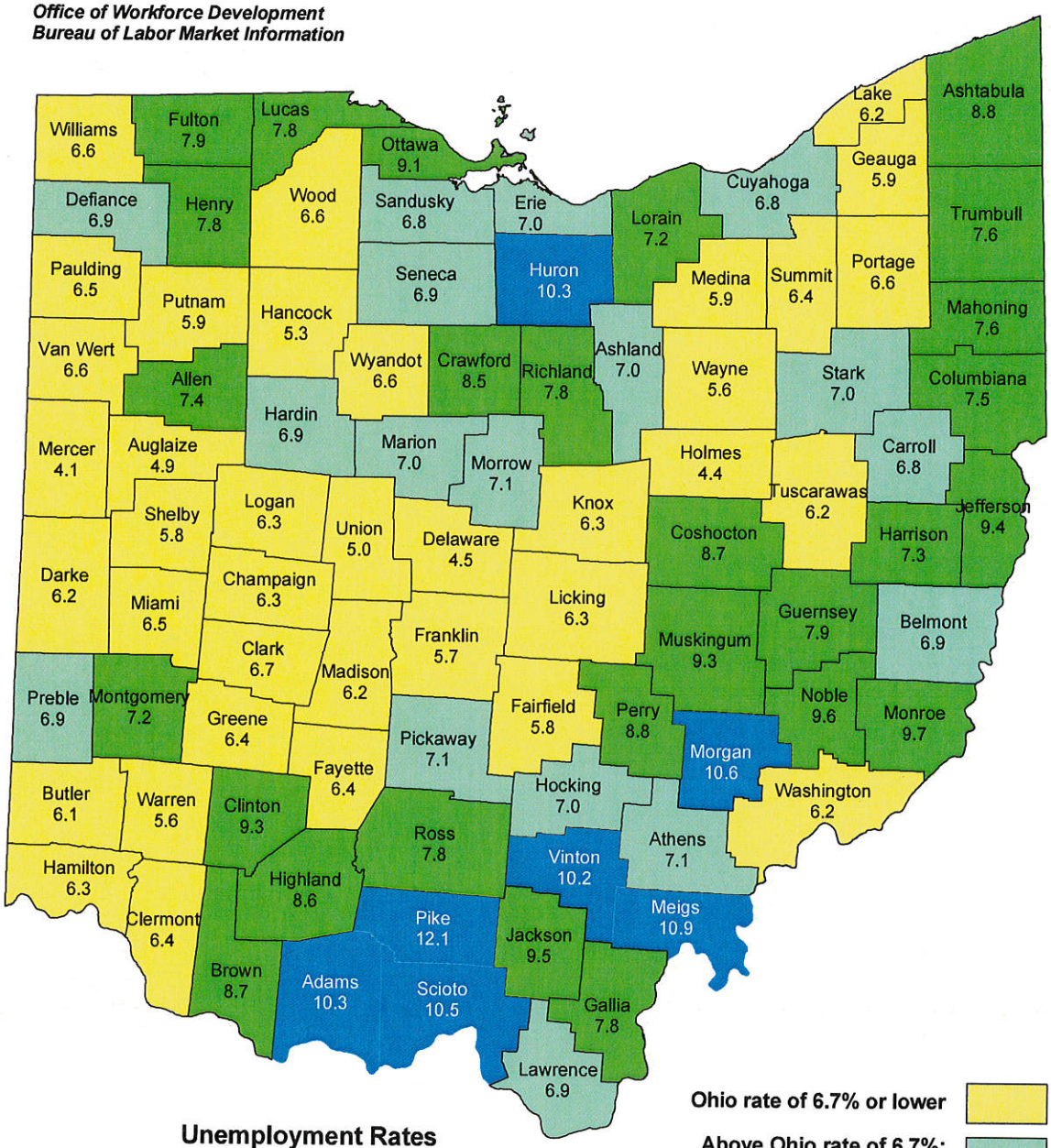
Ohio Not Seasonally Adjusted Unemployment Rates April 2013

Office of Workforce Development
Bureau of Labor Market Information



Unemployment Rates

	Not Seasonally Adjusted	Seasonally Adjusted
United States..	**7.1%**	**7.5%**
Ohio.....	**6.7%**	**7.0%**

Ohio Department of Job and Family Services

John R. Kasich, **Governor**

Michael B. Colbert, **Director**

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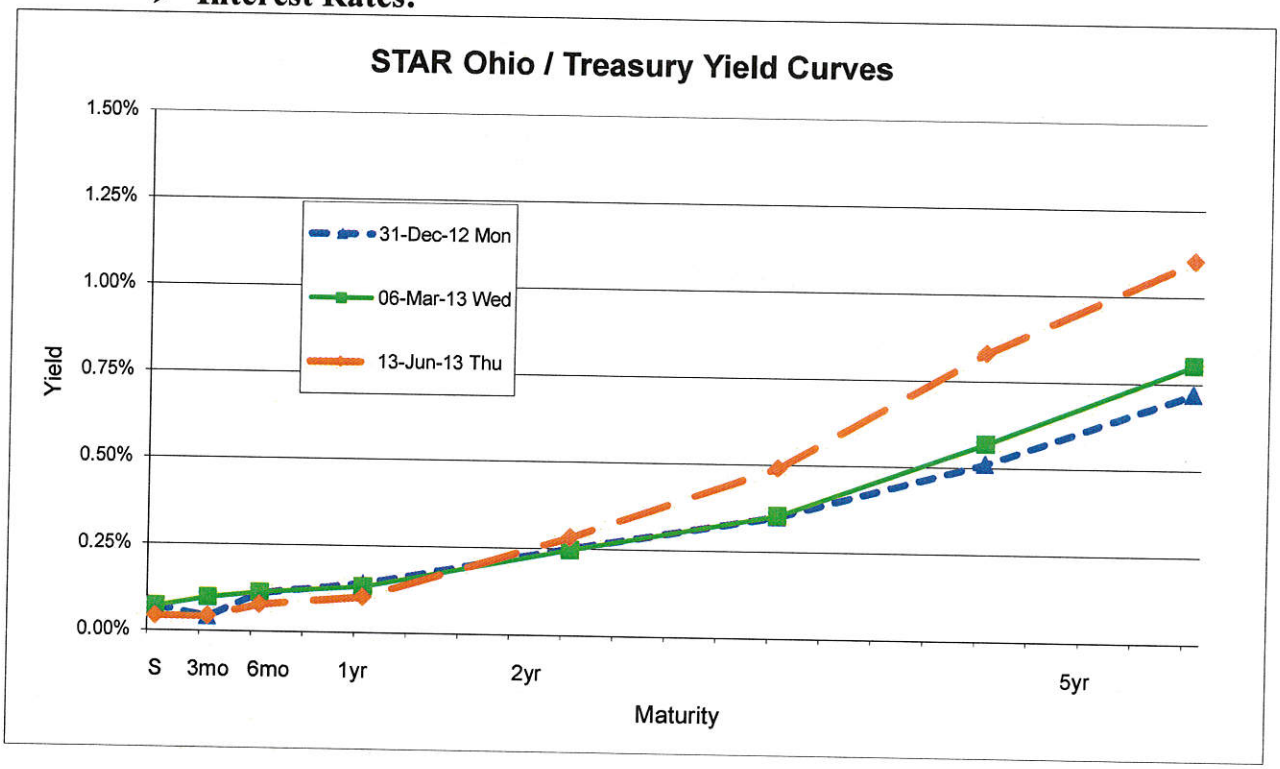
- **Interest Rates:**



The yield on the 2-year Treasury is currently at .27% a very small change from last quarter. STAR Ohio has dropped from .07% to .04%. The Fed Funds rate remains at 0-.25%. The Fed recently stated that the economy has expanded moderately but growth in employment has been slow and the unemployment rate remains elevated. Global financial market concerns have eased but still pose significant downside risk. The committee also anticipates that inflation will remain moderate. The Fed's language now states: current economic conditions are likely to warrant keeping the federal funds rate at these exceptionally low levels until unemployment is below 6.5% and as long as inflation is below 2.25%. There is also a split in opinion between Fed members as to when they should discontinue or taper back on the QE asset purchase programs which may lead to these programs ending sooner than originally expected. Interest rates on the longer end of the market have started to increase a bit and we finally have seen over 1% on the 5 year Treasury.

Indicative Interest Rates as of June 14, 2013

Star Ohio	0.04%

3 Month Maturity	
CD's	0.10%
Agencies	0.05%
Treasuries	0.04%
CDARS	0.05%
C/P	0.12%

6 Month Maturity	
CD's	0.15%
Agencies	0.10%
Treasuries	0.07%
CDARS	0.15%
C/P	0.21%

12 Month Maturity	
CD's	0.25%
Agencies	0.13%
Treasuries	0.12%
CDARS	0.35%
Municipal Bond	0.40%

2 Year Maturity	
CD's	
Agencies	0.35%
Treasuries	0.27%
CDARS	0.45%

3 Year Maturity	
Agencies	0.55%
Treasuries	0.48%

5 Year Maturity	
Agencies	1.15%
Treasuries	1.00%

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- **PORTFOLIO: As of May 31, 2013:**

Purchases since last meeting:	Par Value	Avg: Yield	WAL
CD			
CDARS			
US Treasuries			
Callable Agencies	$ 5.0 million	.42%	2.3 years
Non-Callable Agencies	$ 1.0 million	.35%	2.0 years
Commercial Paper			
Corporate Notes			
Municipal Bonds	$ .8 million	.55%	1.9 years

Maturity Summary Excluding Cash:

2013 -	$	33.9 million
2014 -	$	10.8 million
2015 -	$	22.4 million
2016 -	$	14.0 million
2017 -	$	3.0 million

Portfolio, (Excluding Cash):		Wgtd. Avg. Maturity	Wgtd. Avg. Yield	STAR Ohio
5/31/13	$84.2 million	1.5 Years	.76%	.04%
2/28/13	$82.3 million	1.6 Years	.80%	.08%
11/30/12	$73.9 million	1.1 Years	.84%	.10%
9/20/12	$86.4 million	1.0 Years	.77%	.10%
5/31/12	$78.9 million	1.2 Years	.98%	.08%

PRODUCTIVE Capital Management, Inc.

PORTAGE COUNTY

Consolidated Investment Portfolio

As of: 05/31/2013

PAR	TYPE	COUPON	MATURITY DATE	SETTLE DATE	ORIGINAL PRINCIPAL[2]	PURCHASE YLD	NOTE/CALL FEATURE	DAYS TO MATURITY
94,745	STAR OHIO	0.040%	6/1/13	5/31/13	94,745.29	0.040%		1
3,039,554	MMK	0.002%	6/1/13	5/31/13	3,039,554.16	0.002%	FIRST AMER. GOVT. OBLIG. FD. (US BANK)	1
454,973	CHECKING	0.000%	6/1/13	5/31/13	454,972.85	0.000%	HUNTINGTON	1
26,471,661	HIGH BAL	0.130%	6/1/13	5/31/13	26,471,661.42	0.130%	CHASE BANK	1
1,155,354	MMK	0.070%	6/1/13	5/31/13	1,155,354.44	0.070%	KEYBANK	1

SECURITIES

PAR	TYPE	COUPON	MATURITY DATE	SETTLE DATE	ORIGINAL PRINCIPAL[2]	PURCHASE YLD	NOTE/CALL FEATURE	SAFEKEEPING	CUSIP	DAYS TO MATURITY
2,000,000	FHLB	1.625%	06/14/13	07/27/10	2,027,740.00	1.134%		US Bank	3133XYHD0	14
1,000,000	FHLB	1.625%	06/14/13	05/02/11	1,017,680.00	0.781%		US Bank	3133XYHD0	14
5,000,000	CDARS	0.400%	07/05/13	07/05/12	5,000,000.00	0.400%		HNB		35
1,000,000	CD	6.490%	07/11/13	08/05/08	1,000,000.00	6.580%		Key		41
2,000,000	CDARS	1.045%	07/11/13	07/14/11	2,000,000.00	1.045%	Qtrly Int. Cal Yr.	Portage CB		41
1,000,000	CDARS	0.400%	07/11/13	07/12/12	1,000,000.00	0.400%		Portage CB		41
2,000,000	FHLB	0.500%	08/28/13	07/21/11	1,997,320.00	0.564%		US Bank	313374Y61	89
1,000,000	FHLB	1.000%	09/13/13	09/07/10	999,110.00	1.030%		US Bank	313370LB2	105
1,000,000	FHLB	1.000%	09/13/13	12/13/10	997,319.00	1.099%		US Bank	313370LB2	105
1,000,000	CORP NOTE	1.875%	09/16/13	10/27/11	1,008,340.00	1.423%	GE CAPITAL CORP	US Bank	36962G4Q4	108
1,000,000	CORP NOTE	1.875%	09/16/13	11/18/11	1,011,540.00	1.234%	GE CAPITAL CORP	US Bank	36962G4Q4	108
1,100,000	MUNI	1.250%	09/24/13	09/25/12	1,108,184.00	0.500%	SOUTH EUCLID BAN	US Bank	837752JW5	116
3,000,000	CDARS	0.750%	09/26/13	09/29/11	3,000,000.00	0.750%		TriState		118
1,500,000	CDARS	1.700%	10/10/13	10/14/10	1,500,000.00	1.710%		HNB		132
600,000	MUNI	1.000%	10/10/13	10/10/12	603,282.00	0.450%	SANDUSKY OH BAN	US Bank	800188L51	132
2,000,000	CDARS	0.750%	11/07/13	11/10/11	2,000,000.00	0.750%	Qtrly Int. Cal Yr	TriState		160
2,000,000	FFCB	0.500%	11/29/13	11/29/11	2,000,000.00	0.500%		US Bank	31331KY79	182
1,000,000	T NOTE	0.750%	12/15/13	12/15/10	992,500.00	1.004%		US Bank	912828PL8	198
1,000,000	CDARS	0.750%	12/26/13	12/29/11	1,000,000.00	0.750%		TriState		209
2,000,000	CDARS	0.300%	12/26/13	12/27/12	2,000,000.00	0.300%		HNB		209
1,740,000	FHLB	1.250%	12/30/13	03/15/11	1,739,565.00	1.260%		US Bank	313372V27	213
1,000,000	CORP NOTE	2.100%	01/07/14	01/17/12	1,015,370.00	1.308%	GE CAPITAL CORP.	US Bank	36962G4X9	221
2,000,000	CDARS	0.300%	01/23/14	01/24/13	2,000,000.00	0.300%		Portage CB		237
1,500,000	CDARS	0.500%	03/06/14	03/08/12	1,500,000.00	0.500%	Resubm.date 3/7/13	HNB		279
1,000,000	FHLB	1.125%	03/10/14	09/10/10	998,590.00	1.166%		US Bank	313370VR6	283
1,000,000	FFCB	0.370%	06/11/14	06/11/12	999,000.00	0.420%	called 6/11/13	US Bank	3133EATN8	376
1,000,000	FHLB	1.250%	06/27/14	08/18/10	1,000,490.00	1.237%		US Bank	313370LT3	392
2,000,000	FHLB	0.400%	06/27/14	06/27/12	2,000,000.00	0.400%		US Bank	313379VJ5	392
1,000,000	FHLB	1.500%	11/28/14	08/16/10	1,006,769.00	1.337%		US Bank	313370KU1	546
310,000	MUNI	0.490%	12/01/14	04/03/13	310,000.00	0.490%	Dayton Metro Library GO	US Bank	239864AR2	549

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PORTAGE COUNTY

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As of: 05/31/2013

400,000	FHLB	0.320%	01/23/15	01/23/13	400,000.00	0.320%	7/23/13 monthly	US Bank	313381U52	602
2,500,000	FHLB	0.320%	01/23/15	01/23/13	2,500,000.00	0.320%	7/23/13 Monthly	US Bank	313381U52	602
1,000,000	FHLB	1.700%	05/29/15	08/13/10	1,007,790.00	1.531%		US Bank	313370JE9	728
500,000	FHLB	0.375%	07/17/15	04/22/13	499,975.00	0.377%	7/17/13 qtrly	US Bank	313382QN6	777
2,500,000	FHLB	0.375%	07/30/15	03/01/13	2,500,000.00	0.375%	7/30/13 qtrly	US Bank	313381UR4	790
1,000,000	FFCB	0.350%	07/30/15	03/20/13	1,000,000.00	0.350%		US Bank	3133ECHV9	790
1,000,000	FHLB	1.630%	08/20/15	08/30/10	998,980.00	1.651%		US Bank	313370NE4	811
2,000,000	FFCB	0.480%	08/27/15	11/26/12	2,000,000.00	0.480%	8/27/13 continuous	US Bank	3133EAP77	818
1,000,000	FFCB	0.400%	09/15/15	01/31/13	999,240.00	0.429%		US Bank	3133ECBB9	837
2,000,000	FFCB	0.430%	11/16/15	02/06/13	2,000,000.00	0.430%		US Bank	3133ECBJ2	899
475,000	MUNI	0.610%	12/01/15	04/03/13	475,000.00	0.610%	Dayton Metro Library GO	US Bank	239864AS0	914
1,000,000	FFCB	1.810%	12/08/15	12/08/10	1,001,710.00	1.774%		US Bank	31331J4P5	921
4,000,000	FHLB	0.500%	12/28/15	12/28/12	4,000,000.00	0.500%	6/28/13 monthly	US Bank	313381N84	941
3,000,000	FHLB	0.450%	12/28/15	12/28/12	2,999,550.00	0.455%	6/28/13 monthly	US Bank	313381HL2	941
3,000,000	FHLB	0.500%	01/08/16	01/23/13	3,000,000.00	0.500%	7/8/13 Quarterly	US Bank	313381MG7	952
2,000,000	FHLB	0.550%	02/12/16	02/12/13	2,000,000.00	0.550%	8/12/13 qtrly	US Bank	3133822D4	987
2,000,000	FFCB	0.500%	02/25/16	02/25/13	1,997,800.00	0.537%	2/25/14 continuous	US Bank	3133ECG65	1,000
2,000,000	FHLB	0.550%	02/26/16	02/26/13	2,000,000.00	0.550%	8/26/13 qtrly	US Bank	3133824Q3	1,001
2,000,000	FHLB	0.500%	04/25/16	04/25/13	2,000,000.00	0.500%	4/25/14 qtrly	US Bank	313382PL1	1,060
3,000,000	FFCB	0.640%	11/29/16	12/06/12	2,999,100.00	0.648%	11/29/13 continuous	US Bank	3133EC5B6	1,278
3,000,000	FFCB	0.940%	11/13/17	11/13/12	2,999,100.00	0.946%	11/13/13 continuous	US Bank	3133EC2M5	1,627

TOTALS	PAR	ORIGINAL PRINCIPAL	WTD MATURITY	WTD YIELD
CASH ACCOUNTS[1]	$ 31,216,288	$ 31,216,288.16	1	0.11%
SECURITIES	84,125,000	84,211,044.00	542	0.76%
TOTAL	$ 115,341,288	$115,427,332.16	396	0.59%

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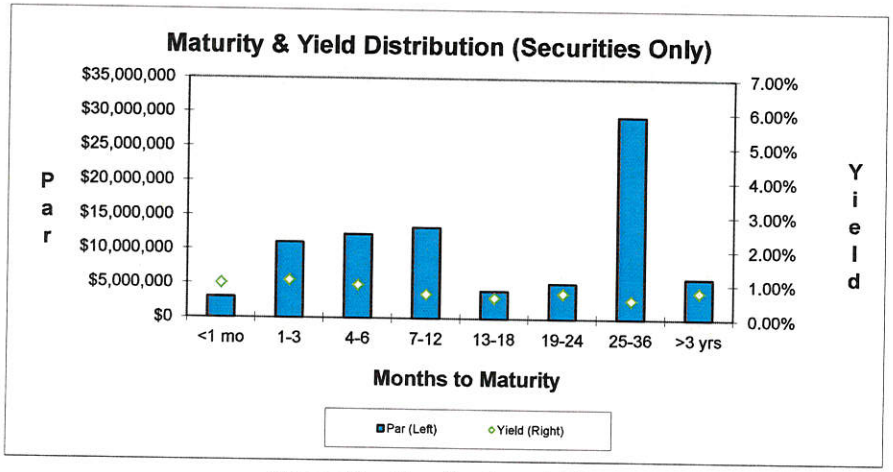
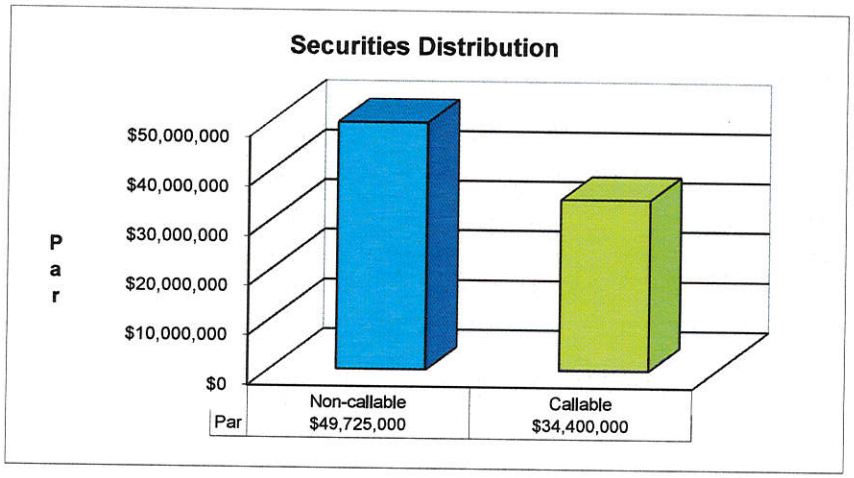
PORTAGE COUNTY

Consolidated Investment Portfolio

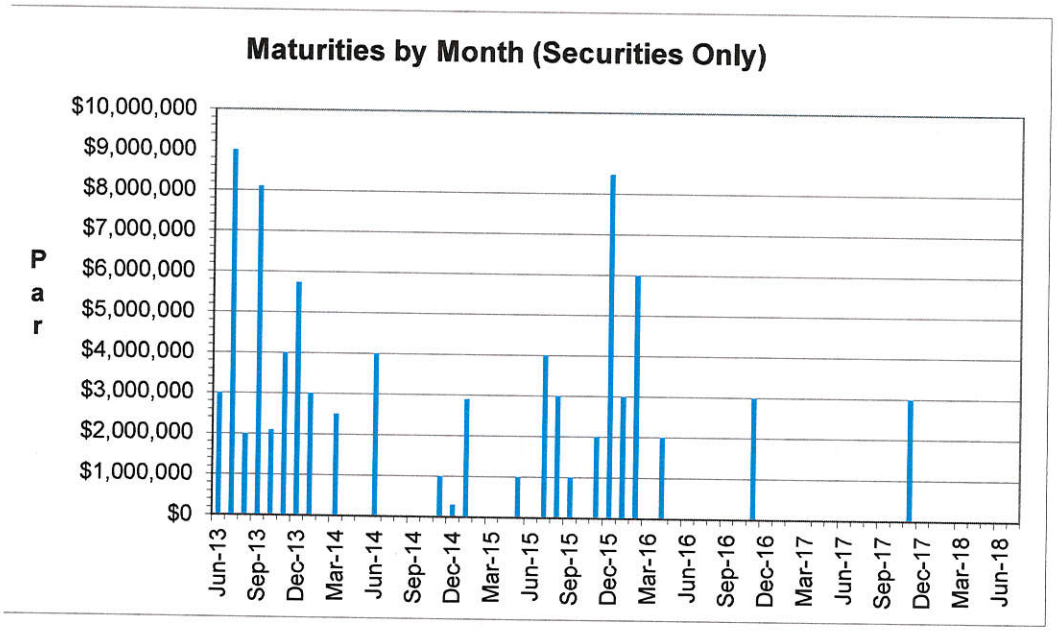
As of: 05/31/2013





Diversification by Asset Class

	Par	%
Cash Equivalents	**$31,216,288**	**27.1%**
Cash Equivalents	$31,216,288	27.1%
US Treasury	**$1,000,000**	**0.9%**
US Treasury	$1,000,000	0.9%
Agencies	**$55,640,000**	**48.2%**
FFCB	$18,000,000	15.6%
FHLB	$37,640,000	32.6%
FHLMC	$0	0.0%
FNMA	$0	0.0%
GNMA	$0	0.0%
Certificates of Deposit	**$22,000,000**	**19.1%**
CD	$22,000,000	19.1%
Other	**$5,485,000**	**4.8%**
BA	$0	0.0%
CP	$0	0.0%
Other	$5,485,000	4.8%
Grand Total	**$115,341,288**	**100.0%**



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