

**FINANCE/INVESTMENT COMMITTEE
MINUTES**

February 5, 2015

10:30 AM

RGRTA Board Room

1372 East Main Street, Rochester NY

Committee

Members Present: Commissioner Stephen Carl, Committee Chairman
Commissioner Jim Redmond, Board Chairman
Commissioner Henry Smith, Jr.
Commissioner Barbara Jones

Others Present: Jim Herbst, Manning & Napier
Jim Nawrocki, Manning & Napier
Bill Carpenter, CEO
Scott Adair, CFO
Christopher Dobson, VP of Finance
Mike Burns, Manager of Accounting

The meeting was called to Order by Commissioner Carl at 10:37am.

Scott Adair, CFO, reviewed the agenda with the committee:

- Manning & Napier Presentation
 - Overview of 2014 Special Portfolio Performance
 - 2015 Outlook
- Potential Transit Center Borrowing

Scott Adair discussed the purpose of the Authority's Special Portfolio.

Scott Adair introduced Manning and Napier, the Authority's Investment Advisor, and Jim Herbst and Jim Nawrocki.

Jim Herbst introduced the presentation for the meeting and Jim Nawrocki reviewed the detailed performance of the Special Portfolio. (A copy of the presentation is attached to these minutes.)

During the review, questions were asked by members of the Committee as follows:

- *Commissioner Carl asked if we are making that asset allocation decision, to reinvest? Scott Adair, CFO, responded yes that is correct. We are doing that as part of the process of managing our cash flow.*
- *Commissioner Smith asked how do you see the interest rate in the next year or so? Jim Nawrocki, Manning & Napier, responded that it is all hinged on what the Federal Reserves does. Our guess is that they'll do something by mid-year; they'll*

- raise, start to gradually raise short term interest rates, a quarter of a percent at a time.*
- *Chairman Redmond asked what they are seeing for an inflation rate right now? Jim Nawrocki, Manning & Napier, responded that they're seeing this between 1-1.2%, it is really, really low.*
 - *Commissioner Carl asked if there are other things directionally you've seen going forward, that you're thinking about, the interest rate potentially? Jim Nawrocki, Manning & Napier responded that anything with spread, treasuries have zero spread. So we would buy the New York State General Obligation Bonds (GOs) when available. The State isn't issuing taxable GO, and the thing about municipal debt is that people buy them and you don't see them issued or subsequently traded that often. High coupon mortgages, you need to hunt for and then you assign a degree of uncertainty to the portfolio.*

Scott Adair provided the Committee an update on the Transit Center borrowing. There were no questions.

There being no other matters for the Committee, Commissioner Carl adjourned the meeting 11:30am.