Allegheny County Investment Board Meeting

April 14, 2025

MINUTES

The meeting of the Allegheny County Investment Board was held on April 14, 2025, in the Gold Room, 4th Floor County Courthouse, 436 Grant Street, Pittsburgh PA 15219. The meeting was called to order at 12:04 p.m. Live Streamed at https://shorturl.at/rk3my

1. ROLL CALL

Board Members Present:	Sara Innamorato, County Executive, Corey O'Connor, Controller, Erica Rocchi Brusselars, County Treasurer
Guests Present:	Amy Weise Clemments, Deputy Controller, Bill Urbanic, Senior Advisor Controller's Office, Deb Lestitian, Deputy Treasurer, Phil Roberts, Treasurer Solicitor, and Mike Ablowich, three+one Advisor.

2. PUBLIC COMMENT

No public comments

3. MOTION TO APPROVE SEPTEMBER 27, 2024 MEETING MINUTES

A motion was made by Board Member O'Connor, duly seconded by Board Member Innamorato to approve the minutes of the September 27, 2024 board meeting. The motion passed unanimously.

4. TREASURER'S REPORT

a. Market Conditions
- Economic Overview – Observations and Expectations.
  - Market participants are expecting about three Federal Reserve rate cuts for 2025
  - Fed Chair Powell recently stated that the labor market is stable
  - The Fed's preferred inflation gauge remains above their target
  - Short-term and intermediate-term interest rates were slightly lower for March
- The Federal Reserve expressed at their most recent meeting (March) they plan to cut Fed Funds rate by .50% this year.
- At the end of March, the futures market was pricing in about .75% of cuts this year.

- Key Economic Indicators
    - The current unemployment rate of 4.1% is extremely low by historical standards.
    - Fed Chair Powell recently stated that the labor market remains solid, with their estimate of the unemployment rate trending only slightly higher to 4.4 this year.
    - Core Personal Consumption Expenditure (PCE) year over year (YoY) is the Fed's preferred inflation gauge. Core excludes food and energy components.
    - Core PCE YoY is currently at 2.8%, not quite at the Fed's 2% target, but far below the 5.6% peak in 2022.
    - Economists surveyed by Bloomberg expect Core PCE YoY will stay above the Fed's target and finish the full year of 2025 at 2.5%

b. Funds and investment return review
- County Funds
    - As the county has spent down American Recovery Plan (ARP) funds, we see our total funds decline year-over-year.
    - As property taxes are paid February - April we see the overall balance increase.
        - In 2025 we expect about $140M more in property tax revenues, the bulk of which we expect to receive by the end of April.
- Investment Earnings
    - The Treasurer's Office has increased yield rates to be in line with the Federal Funds rate.
    - Total 2024 investment earnings were higher than 2023 despite lower account balances because of the strong increase in effective rates over 2023
    - Given lower balances at the County as well as a lower interest rate environment, we expect to see a decrease in overall investment earnings compared to 2024
        - The Treasurer's Office is working with the Department of Budget & Finance on monitoring.
        - The Treasurer's Office is working with the Controller's Office on accruals and booking for longer-term investments
        - The Treasurer's Office is continuously reviewing and benchmarking our rates

c. Allocation by Bank
- Our allocation by bank continues to shift as we look to consolidate funds and safely increase return.
    - Moved cash from citizens and Huntington Banks due to below benchmark returns
    - Increased funds at FNB and AmeriServ to take advantage of the above benchmark rates
    - Placed $50M of Community Care Behavioral Health funds in 1-year CD in January

- Huntington Trust
  - Placed majority of C-80 bond funds at Huntington Trust
  - Initiated short term General Fund Portfolio of $50 Million in early March.
  - Invested by Meeder Public Funds

d. Investment of 2024 bond issue proceeds

- 2024 Capital Bond issue for 2024 and 2025 projects
  - Net $160 M in proceeds, received in September 2024
  - $136.6M as of March 2025
- The Treasurer's Office continues to work with Meeder Public Funds as the Investment Advisor to monitor the drawn down and investment of funds.
  - Proceeds invested longer than overnight have locked in yields that are not subject to current market fluctuations.

5. MOTION TO APPROVE UPDATES TO INVESTMENT POLICY STATEMENT

- Proposed updates for review only. The board will vote on the IPS at a later meeting.
  - The Treasurer's Office has worked with three+one and Meeder Public Funds to review the current IPS last updated in 2022.
  - Reduced the glossary of terms for brevity
  - Added purpose to IPS
  - Removed reference to retirement funds
  - Added legal compliance as an objective of the policy
  - Removed ow dealers and financial institutions become qualified and suggested it be included in internal investment procedures
  - Consolidated bank accounts, CDs and negotiable CDs into one section. Updated the description of CDs to current definition. Removed "out of state CDs" which is now essentially "negotiable CDs"
  - Consolidated definition of LGIP (Local Government Investment Pools) to make more general
  - Changed from 2 to 5 years the minimum maturity on any one investment
  - Updated internal control section
  - Changed from 2-year review to annual review of the IPS

6. GENERAL DISCUSSION

- Update on the Banking RFP
  - The current banking contracts are approximately 7 years old.
  - The prior administration issued an RFP for banking services approximately 3 years ago, but did not execute any new or changed contracts based on the responses.
  - The Treasurer has spent 2024 developing an understanding of services used and needed by the Treasurer's Office. Including understanding the market for modernized services.
  - The Treasurer's Office is working with three+one and County Purchasing to finalize and RFP to be issued in the next few weeks.

- The RFP is expected to include the following areas:
    - Banking and Treasury Services
    - Custodial Services – holding investments
    - Lockbox Services – receiving payments by mail
    - Merchant Services – accepting credit cards
    - Payment Executions Services – transitioning outgoing payments to both companies and individuals to be more digital

7. **NEW BUSINESS**

None

8. **NEXT MEETING**

Expected to be scheduled in September 2025

9. **ADJOUNRMENT**

A motion was made Board Representative O'Connor, granted by Board Chair Brusselars to adjourn the meeting at 12:29 p.m.