

TO: Members of City of Dubuque Investment Oversight Advisory Commission

FROM: Paul Lassance, Investment Oversight Advisory Commission
Kenneth J. TeKippe, Finance Director

RE: Un-approved Minutes of the January 22, 2014 Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: January 31, 2014

Commission members Paul Lassance, Steve Reisdorf, Brad Chalmers, Gary Ruden and Rick Runde were present. Ken TeKippe, Finance Director, Jean Nachtman, Assistant Finance Director and Tami Lansing, Accountant were also present.

1. The meeting was called to order at 3:00 p.m. in Conference Room A in City Hall by Chairperson Paul Lassance. Finance Director Ken TeKippe, certified that the meeting was in compliance with the Iowa open meetings law.
2. Steve Reisdorf moved that the minutes of the January 22, 2014 meeting be approved as written. The motion was seconded by Gary Ruden and approved unanimously.
3. Andrew Douglas, Senior Vice President, Chief Investment Officer; Michael Flood, Assistant Vice President, Equity Manager and Rita McCarthy, Vice President, Senior Wealth Advisor of Dubuque Bank and Trust attended the meeting. A handout was provided with information on 2013 returns, holdings and various other information. A bank letter dated September 13, 2013 was enclosed that addressed their portfolios holdings and strategy. There was continued discussion on the letter during the meeting and the fact that only two holdings in portfolio.

Andrew indicated that the 2013 YTD return of .02% underperformed the Barclays short term bonds but outperformed the intermediate and government bonds and cash tends to be low in fund (1-3%). Andrew projects continued low interest rates in first half of 2014 but higher in second half.

Andrew confirmed that Dubuque Bank and Trust is in compliance with the City's current investment policy and the bank's appreciation of the City's business.

4. The Commission reviewed the December 2013 quarterly investment reports prepared by Tami Lansing. Considerable unspent bond proceeds remain as projects taking time to complete. CDs for excess funds of Dubuque Metropolitan Area Solid Waste Agency continue to be bid. This allows for monitoring of CD rates and also provides investment opportunities to local financial institutions. Continues to be limited interest by local financial institutions in providing bids for certificate of deposit; recently Dubuque Bank and Trust and East Dubuque Savings Bank have submitted best bids for CDs (approximately .30% rate).

The City will be borrowing approximately \$28,250,000 via Flood Mitigation Sales Tax Increment Revenue Capital Loan Notes over the next few months. Investing the proceeds of a bond issue of this size may be an issue with the local financial institutions. The borrowing is part of the State of Iowa Flood Mitigation Program Board for \$98,494,178 in state sales tax increment funding for the Bee Branch Watershed Flood Mitigation Project.

5. Tami distributed investment return information from the four investment managers: Dubuque Bank and Trust, U.S. Bank, Dana Investment Advisors and First Community Trust with returns gross of fees for the past ten calendar years (2004-2013). The returns for the past ten years will be provided to the individual managers. A recap of manager/custodian annual fees based on December 31, 2013, market values was also distributed.
6. The providing of monthly and quarterly investment information electronically was reviewed with some members opting for printed information particularly at quarter end.
7. There was no communication from the public, commission or staff to report according to Ken.
8. The next meeting of the Commission is scheduled for Wednesday, April 23, 2014, at 3:00 p.m. A representative from U.S. Bank will be invited to the meeting.
9. Gary Ruden moved that the meeting adjourn. The motion was seconded by Brad Chalmers and approved unanimously. The meeting adjourned at 4:00 p.m.