

TO: Members of City of Dubuque Investment Oversight Advisory Commission

FROM: Paul Lassance, Investment Oversight Advisory Commission
Ken TeKippe, Finance Director

RE: Un-approved Minutes of the October 28, 2015 Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: November 4, 2015

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

1. The meeting was called to order at 3:00 p.m. in Conference Room A in City Hall by Paul Lassance.
2. Finance Director Ken TeKippe certified that the meeting was in compliance with the Iowa open meetings law.
3. Steve Reisdorf moved that the minutes of the July 22, 2015, meeting be approved. The motion was seconded by Gary Ruden. Motion carried unanimously.
4. Matt Slowinski of Dana Investment Advisors provided a handout with portfolio and market overview information. Matt indicated that we continue in a low return environment; current duration is 0.8 years which is conservative and short; hold 1-2% cash; agency bonds have step coupons (normally called within 6 months) under 5 years to protect portfolio; 55% in mortgage adjustable rate bonds which are not exposed to interest variations (never had a year with negative returns).

Matt believes Feds could raise rates in December (remain defensive until rates rise), with inflation and unemployment the 2 main drivers of policy decisions. Investors are anticipating higher rates. It was recently reported by the Labor Department that we have the highest number of job openings since 2001.

Matt confirmed that Dana is in compliance with the City's current investment policy.

5. Ken distributed investment return information for September 30, 2015, from the four investment managers: Dubuque Bank and Trust (DB&T), U.S. Bank, Dana Investment Advisors and First Community Trust. Also distributed a recap of manager/custodian annual fees based on September 30, 2015 market values, all

managers currently use same fee schedule. Hard copies of the quarterly reports that had been emailed also were provided.

Approximately \$49.0 million unspent bond proceeds were on deposit at end of September, considerable spending in October of bond proceeds. City plans to borrow additional funds for projects and refunding in early 2016. East Dubuque Savings Bank has been sold to Fidelity Bank with the transaction to close in December 2015, so could have one less bidder for CD's and bond proceeds. However Fidelity has bid on recent available funds. Consulting firm, Rust Consulting, has been hired to disperse franchise fees rebates, beginning in next couple months. A multi-year RFP for annual external auditing services will be issued in early 2016.

6. There was no communication from the public, commission or staff to report according to Ken.
7. The next meeting of the Commission is scheduled for Wednesday, January 27, 2016, at 3:00 p.m. in City Hall. A representative from Dubuque Bank and Trust will be invited to the meeting.
8. Gary Ruden moved that the meeting adjourn. The motion was seconded by Steve Reisdorf and approved unanimously. The meeting adjourned at 3:30 p.m.