

TO: Members of City of Dubuque Investment Oversight Advisory Commission

FROM: Paul Lassance, Investment Oversight Advisory Commission
Jean Nachtman, Finance Director

RE: Un-approved Minutes of the April 27, 2016 Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: April 30, 2016

Commission members Brad Chalmers, Rachel Ferrero, Paul Lassance, Steve Reisdorf, and Gary Ruden, and Jean Nachtman, Finance Director, were present.

1. The meeting was called to order at 3:02 p.m. in Conference Room A in City Hall by Chairperson Paul Lassance. Finance Director Jean Nachtman, certified that the meeting was in compliance with the Iowa open meetings law.
2. Gary Ruden moved that the minutes of the October 28, 2015 meeting be approved as written. The motion was seconded by Brad Chalmers and approved unanimously.
3. Wayne A. Sattler, CFA, Vice President & Managing Director Wealth Management, IT&C for US Bank gave an update on funds they manage for the City. Michael T. Maloney Senior Portfolio Manager, was unable to attend.

The City's portfolio is positioned for anticipated long term bond rate increases. The overall duration of the portfolio is 2.10 years. Most re-investments are laddered in a 2 - 4 year maturity range. This gives the portfolio unparalleled liquidity if the long term rates should begin to move up. The current returns are in 1.2% to 1.3% range. Money market accounts are at 0.10%. The current strategy is buy and hold. This will give the City the best protection from realized losses and preserves the principal.

Feds raised the short term interest rates 25 basis points in December. Unfortunately this increase was not reflected in the mid or long term bond market. Foreign markets are still experiencing negative returns. Foreign money is moving to United States decreasing the demand for higher rates. US Bank optimistically predicts a possible 25 basis point in June, and maybe in December after the elections.

Wayne Sattler confirmed that US Bank is in compliance with the City's current investment policy.

4. The Commission reviewed the March 2016 quarterly investment reports. As of March 31st there were \$36 million in unspent bond proceeds. New bond proceeds were received April 4, 2016. A Franchise Fee Class Action Lawsuit, 2016B refunding existing debt, and 2016 new debt for capital projects were discussed. The 2016B proceeds will be spent by June 1st. The 2016A proceeds should be spent within 6 months. The City is waiting on the court's approval of the payout plan. Property taxes were received in March (\$3 million) and April (\$12 million). Certificates of Deposits for excess funds of Dubuque Metropolitan Area Solid Waste Agency and City continue to be bid. This allows for monitoring of CD rates and also provides investment opportunities to local financial institutions.
5. Jean mentioned that the City's investment policy was last certified by the Association of Public Treasurers of the United States and Canada, in 2009. She suggested that the policy be submitted again this year. A motion was made by Paul Lassance and seconded by Gary Ruden to submit the existing policy with no changes to the APT for review and updated certification.
6. Jean distributed investment returns and fees information for the four investment managers: Dubuque Bank and Trust, U.S. Bank, Dana Investment Advisors and First Community Trust.
7. There was no communication from the public, commission or staff to report.
8. The next meeting of the Commission is scheduled for Wednesday, July 27, 2016, at 3:00 p.m. A representative from First Community Trust will be invited to the meeting.
9. Paul Lassance moved that the meeting adjourn. The motion was seconded by Steve Reisdorf, and approved unanimously. The meeting adjourned at 3:55 p.m.