

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 January 25, 2017, Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: January 25, 2017

Commission members: Rachel Ferrero, Paul Lassance, Steve Reisdorf, and Gary Ruden, and City staff; Jean Nachtman, Finance Director and Tami Lansing, Assistant Finance Director.

1. The meeting was called to order at 3:05 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. Steve Reisdorf moved that the minutes of the October 2016, meeting be approved. The motion was seconded by Gary Ruden and approved unanimously.
3. Rick O. Terry, Executive Vice President, Private Wealth Management and Tom Peckosh– Vice President Senior Equity Manager presented for Dubuque Bank & Trust.

Tom reviewed the status of the City's portfolio. The portfolio is actively managed by Paul Dickson in the Albuquerque, NM. Tom Sticker, in the Dubuque office works closely with Paul and was not available due to illness.

The portfolio's performance for the year was 0.28%. Below the benchmarks. Most of the decrease was in November and December, reflecting the economy's reaction to the presidential election. Duration was kept at a short 1.8 to position for future rate increases. The outlook still supports the shorter duration, but it may lengthen slightly. US economy is strong. Unemployment under 5% and inflation at 2%. Based on current economic conditions the 10 year treasury should be trading at 4-5% instead of current 2.4%. World economy, the worldwide populist movements, and the uncertainty of the new US administration's policy are the major influences on current rates. Prognosis for global economy is still poor, but normalizing ever so slightly.

Experts seem to agree that fed rates will increase 2 to 3 times in 2017, as feds worry about inflationary policies of the new administration.

Recent acquisitions in the portfolio include step bonds. The rates have scheduled step increases until maturity. These bonds were bought at discount, so there will be asset appreciation at maturity as well as interest earnings.

4. Jean reported that the Association of Public Treasurers of the United States and Canada re-certified the City's Investment Policy.
5. The Commission reviewed the December 2016 quarterly investment reports.
6. There was no communication from the public, commission or staff to report.
7. The next meeting of the Commission is scheduled for Wednesday, April 26, 2017 at 3:00 p.m. A representative from US Bank 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.