

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

**DATE:** October 30, 2017

Commission members; Paul Lassance; Steve Reisdorf, Gary Ruden and Franz Becker; and City staff, Jean Nachtman, Finance Director; Tami Lansing, Assistant Finance Director; Arielle Swift, Accountant.

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 Jean Nachtman, certified that the meeting was in compliance with the Iowa open meetings law.
2. Steve Reisdorf moved that the minutes of the July 26, 2017, meeting be approved. The motion was seconded by Franz Becker and approved unanimously.
3. Matthey Slowinski, Vice President – Portfolio Manager presented for Dana Investment Advisors.

Matthew reviewed the handout. Dana continues its buy and hold to maturity strategy. All investments are AAA with shorter durations to position for anticipated rate increases. As interest rates increase the market value of securities decreases, which is not a factor if the investments are held to maturity and redeemed at par. The 10-year treasury is current rate is 2.41%. The City is giving up only 4 basis points by maintaining the shorter durations. Four recent purchases have maturities before 2021. Highest gains in interest rates have been on the shorter durations. SBA Bonds moves immediately with the fed rates. Dana is looking for opportunities to add to this investment category. Agency investments are laddered to maintain consistent income of the years. Adjusted rate mortgages will reflect the growth of the economy. The portfolio is 58% invested in mortgage bonds.

Dana's forecast is the global picture is improving with the end of negative interest rates in Europe and Japan. The Feds are signaling higher interest rates in

anticipation of inflation.

The current Fed Chair, Janet Yellen, is a dove on interest rates. While one of her possible successors, John Taylor, is extremely hawkish. Dana would expect a 1.25% to 3% increase if Taylor were named. The higher rates would affect the long-term market but have no material effect on the city's portfolio because of the short-term strategy. The Fed markers are general inflation and unemployment. Fed movements are predictable, and it usually signals upcoming movements. Dana expects a fed increase in December and 2 in calendar year 2018, again depending on the fed chair selection. Unemployment remains low at 4% which is considered full employment. Housing values have recovered and 401K investments value increasing with the stock market increases.

Matthew confirmed that the investments are in compliance with the City investment policy.

4. Jean reported on current cash standings. The City continues to ladder CD maturities to meet operations and upcoming December's semi-annual debt interest payments.
5. The Commission reviewed the September 2017 quarterly investment reports.
6. There was no communication from the public, commission or staff to report according to Jean.
7. The next meeting of the Commission is scheduled for Wednesday, January 24, 2018 at 3:00 p.m. A representative from Dubuque Bank & Trust will present.
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.