

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 25, 2018, Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: April 25, 2018

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

1. The meeting was called to order at 3:03 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. Paul Lassance moved that the minutes of the January 24, 2018, meeting be approved. The motion was seconded by Steve Reisdorf and approved unanimously.
3. Term expirations were reviewed with Rachal Ferraro and Franz Becker. Unfortunately, Rachael will not be renewing her term due to scheduling conflicts with work. Franz is planning on renewing his.
4. Mike Maloney, Senior Portfolio Manager presented for US Bank. A handout was provided with information on 2017 returns, annual account review and other information.

Mike reviewed the status of the City's portfolio and noted that the City's performance for the 1st quarter of 2018 was at -.03, with a projected annual income of \$33,377. The returns for calendar year 2017 was .95%. Current yield is 1.57% and effective duration is 2.01. Cash makes up 3.24% of the portfolio with the remaining 96.76% made up of 22 government backed agencies, and two certificates of deposits (CDs are at or below the \$250,000 FDIC insurance threshold and are invested in Iowa banks). Mike noted that 47% of the portfolio is due in the next 24 months and he plans on investing it out four years and under. Will continue to ladder bonds at maturity and reinvest at a higher yield. Mike is expecting to 3% bonds in the portfolio soon.

Mike is expecting Fed to raise rates another 2 times this year. The US is currently at full employment. That along with the Tax Cuts and Job Act, Deregulation, and focus on infrastructure should push wages to increase. US Bank tracks 300 global economic data points and 64% of those are positive suggesting that global economy is strong and largely synchronized. Stocks are more volatile now because of Fed draining liquidity. Inflation is something that the Fed wants, but at 2.5% P/E ratio starts to drop dramatically and can have a negative impact on the domestic equity market.

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

5. Jean reported on current cash standings. The City continues to ladder CD maturities to meet operations. Since the last meeting, Collins Community Credit Union has starting bidding competitively on CD's and we have also moved some funds into their money market account.
6. The Commission reviewed the March 2018 quarterly investment reports.
7. There was no communication from the public, commission or staff to report according to Jean.
8. The next meeting of the Commission is scheduled for Wednesday, July 25, 2018 at 3:00 p.m. A representative from First Community Trust will be invited to the meeting.
9. Franz Becker moved that the meeting adjourn. The motion was seconded by Paul Lassance and approved unanimously. The meeting adjourned at 3:26 p.m.