



TO: Members of City of Dubuque Investment Oversight Advisory Commission

FROM: Paul Lassance, Investment Oversight Advisory Commission
Kenneth J. TeKippe, Finance Director

RE: Un-approved Minutes of the July 25, 2012 Meeting of the Investment
Oversight Advisory Commission

DATE: August 3, 2012

Commission members Stephen Reisdorf, Brad Chalmers, Gary Ruden and Paul Lassance were present. Ken TeKippe, Finance Director, Jeanne Nachtman, Assistant Finance Director and Tami Lansing, Finance Accountant were also present.

1. The oath of office was administered to reappointed commission member Brad Chalmers at the beginning of meeting.
2. The meeting began at 3:05 p.m. in Conference Room A in City Hall.
3. Finance Director Ken TeKippe, certified that the meeting was in compliance with the Iowa open meetings law.
4. Brad Chalmers nominated Paul Lassance as chairperson of the commission and Gary Ruden seconded. Motion carried unanimously.
5. Gary Ruden moved that the minutes of the April 25, 2012 meeting be approved. The motion was seconded by Brad Chalmers and approved unanimously.
6. Dale Repass and John Gonner of First Community Trust (FCT) distributed a handout which provided information on performance, economic and interest rate outlook, five year treasury yield history, sector allocation and federal resolution actions.

Dale indicated the firm is in its twelve year and is a federally chartered trust company which continues to grow with \$500 million in assets anticipating by year end (\$100 million growth anticipated for year). Firm does not accept deposits or make loans. FCT continues to receive good exam results and has two outside audits per year and is financially strong. There was not any changes in management in past year and firm has added a new investment representative with 30 years experience in Quad Cities. Firm continues work with East Dubuque

Savings Bank, Premier Bank, DuTrac and Dupaco in Dubuque and other larger area credit unions. Firm representatives are located in Waterloo, Cedar Rapids, North Liberty and Quad Cities.

John reviewed the handout. FCT has outperformed the index the majority of months since firm began managing city funds in months with positive and negative returns. The standard deviation of returns for the City is also better than the Barclay's Index. Federal fund rates have been in the 0-.25% range for 3 ½ years and projected to stay in the range until the end of 2013, will be close to 5 years. Certificates of deposit are now attractive investments safe and sellable in the market; still lots of liquidity but with little confidence in environment; velocity of money is declining dramatically with banks holding versus lending. Important to stay short term as if interest rates going up 1% could cause serious issues and losses in long term portfolios. Discussed LIBOR which affects everything.

John Gonner confirmed that First Community Trust is in compliance with the City's current investment policy.

7. Ken distributed investment return and fee information as of June 30 2012, for the four investment managers: Dubuque Bank and Trust, U.S. Bank, Dana Investment Advisors and First Community Trust. It was decided that managers will be asked to provide return information on gross and net of fees if not currently doing so. Motion by Stephen Reisdorf and seconded by Paul Lassance and approved unanimously.

City is in process of reviewing proposals for a financial advisory firm for borrowing issues, could be a change. Anticipate a bank RFP being issued later in 2012. Approximately \$9 million of principal and interest payments made June 1, 2012 on City debt. Recently increased the limit for funds on deposit at Dubuque Bank and Trust to \$60 million since little interest by other city banks in city funds and service our primary bank is always willing to bid on cd's and bond proceeds.

8. Ken mentioned that the City recently sold two bond issues in late June which resulted in \$14 million of bond proceeds, received bids from two banks to invest proceeds until spent (Dubuque Bank and Trust bid .32% and .33% for the issues) approximately \$33 million in unspent bond proceeds currently.
9. There was no communication from the public, commission or staff to report according to Ken.
10. The next meeting of the Commission is scheduled for Wednesday, October 24, 2012, at 3:00 p.m. in Conference Room II, City Hall Annex. A representative from Dana will be invited to the meeting.

Ken reminded members about the Boards and Commissioners on Monday, July 30, 2012 at Eagle Point Park.

11. Paul Lassance moved that the meeting adjourn. The motion was seconded by Brad Chalmers and approved unanimously. The meeting adjourned at 4:00 p.m.