

TO: Members of City of Dubuque Investment Oversight Advisory Commission

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

RE: Revised Un-approved Minutes of the January 23, 2013 Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: April 29, 2013

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

1. The meeting was called to order at 3:05 p.m. in Conference Room II in City Hall Annex by Chairperson Paul Lassance. Finance Director Ken TeKippe, certified that the meeting was in compliance with the Iowa open meetings law.
2. Paul Lassance administered the Oath of Office to new commission member Rick Runde.
3. Steve Reisdorf moved that the minutes of the October 24, 2012 meeting be approved as written. The motion was seconded by Gary Ruden and approved unanimously.
4. Andrew Douglas, Senior Vice President, Chief Investment Officer and Rita McCarthy, Vice President, Senior Wealth Advisor of Dubuque Bank and Trust provided a handout with information on 2012 returns, holdings and strategic outlook.

Andrew indicated that the 2012 YTD return of 1.35% underperformed the market because DB&Ts portfolio has shorter durations than broad indices, 2012 had record low rates. Currently underweighted in 7 and 10 year durations since they believe it is not worth the risk to own longer term investments. Andrew does not project interest rates going up in first half of 2013, may increase later in year, does not anticipate FEDS raising rates until 2015. Andrew projects low growth in first half of 2013 but higher growth in second half, recent increase in payroll taxes has hurt growth. 6.5% is target unemployment rate.

Andrew confirmed that Dubuque Bank and Trust is in compliance with the City's current investment policy and the bank's appreciation of the City's business.

5. The Commission reviewed the December 2012 quarterly investment reports prepared by Tami Lansing. Considerable unspent bond proceeds as projects taking longer to complete. Ken indicated that the City continues to use a high yield savings account option versus certificates of deposit. The accounts at DB&T and EDSB continue to provide rates slightly higher than the six month CD bids. CDs for excess funds of Dubuque Metropolitan Area Solid Waste Agency are bid. This allows for continued monitoring of CD rates and also provides investment opportunities to local financial institutions. Continues to be limited interest by local financial institutions in providing bids for certificate of deposit; however, recently Premier Bank and EDSB have submitted best bids for CDs. Bond proceeds from three issues received in December with DB&T winning the bids for two issues (.17%) and American Trust one bid (.35%). On June 1, there will be a sizable amount due for principal and interest payments on bonds, over \$10 million. A large payment from County for property taxes is anticipated in mid-April (perhaps \$10 million).
6. Ken distributed investment return information from the four investment managers: Dubuque Bank and Trust, U.S. Bank, Dana Investment Advisors and First Community Trust. Information on returns gross of fees for the past ten calendar years (2003-2012) was also distributed. The returns for the past ten years will be provided to the individual managers. A recap of manager/ custodian annual fees based on December 31, 2012, market values will be sent with minutes.

Borrowings continue through the State of Iowa Revolving Loan Fund for the large Water Pollution Control Plant Project. SRF loans require spending City funds for projects and requesting reimbursement after expenses incurred.

7. There was no communication from the public, commission or staff to report according to Ken.
8. The next meeting of the Commission is scheduled for Wednesday, April 24, 2013, at 3:00 p.m. A representative from U.S. Bank will be invited to the meeting.
9. Gary Ruden moved that the meeting adjourn. The motion was seconded by Steve Reisdorf and approved unanimously. The meeting adjourned at 3:45 p.m.