

**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 24, 2013 Meeting of the Investment Oversight Advisory Commission

**DATE:** July 26, 2013

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

1. The oath of office was administered to reappointed commission members Steve Reisdorf and Gary Ruden at the beginning of meeting.
2. The meeting began at 3:05 p.m. in Conference Room II in City Hall Annex.
3. Finance Director Ken TeKippe, certified that the meeting was in compliance with the Iowa open meetings law.
4. Gary Ruden nominated Paul Lassance to continue as chairperson of the commission and Brad Chalmers seconded. Motion carried unanimously.
5. Steve Reisdorf moved that the minutes of the April 24, 2013 meeting be approved. The motion was seconded by Gary Ruden 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 comments, ten year treasury yield history, sector allocation and portfolio detail.

Dale indicated the firm is in its thirteen year and is a federally chartered trust company which continues to grow with \$560 million in assets currently with 20- 25% projected growth by year end (\$100 million growth anticipated for year). Firm does not accept deposits or make loans. There was not any changes in management in past year and firm will have ten employees in Dubuque by year end up from six in 2011. 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. Dale indicated the firm was willing to reduce their fees recently to assist City during this low return environment for fixed income.

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 are also better than the Barclay's Index. Portfolio changed over past year, more certificates of deposit since attractive investment, safe and sellable in the market, duration also up a bit.

Interest rates rose in May and June for ten year treasury from 1.63% to 1.74% and from .65% to 1.61% for five year treasury with new job numbers and FEDS tapering their investments. This rise in rates had a negative impact on the market value of our current holdings. Anticipate rates in the 2.25-2.80% range for awhile, with rates to improve the second half of year. A question was raised relative to the correlation between R-squared and the benchmark. John will followup.

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 2013, for the four investment managers: Dubuque Bank and Trust, U.S. Bank, Dana Investment Advisors and First Community Trust. Consensus was to send a letter to the two investment managers who have not responded relative to a possible fee reduction. Ken will also contact Peter Soraparu at American Trust and Savings Bank relative to custodian fees.
8. Considerable unspent bond proceeds remain at this time. Ken indicated that the City plans to sell additional bonds in early 2014, amount not determined yet.
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 23, 2013, at 3:00 p.m. in Conference Room II, City Hall Annex. A representative from Dana will be invited to the meeting.
11. Gary Ruden moved that the meeting adjourn. The motion was seconded by Brad Chalmers and approved unanimously. The meeting adjourned at 4:05 p.m.