



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 April 23, 2014 Meeting of the Investment
Oversight Advisory Commission

DATE: April 25, 2014

Commission members Stephen Reisdorf, Rick Runde, Brad Chalmers and Paul Lassance 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 A in City Hall by Chairperson Paul Lassance. Finance Director Ken TeKippe, certified that the meeting was in compliance with the Iowa open meetings law.
2. Stephen Reisdorf moved that the minutes of the January 22, 2014 meeting be approved as written. The motion was seconded by Brad Chalmers and approved unanimously.
3. Mike Maloney, Senior Portfolio Manager, of U.S. Bank provided a handout which provided information on performance, portfolio overview, holdings, economic review and outlook and City investment policy.

Mike Maloney reviewed the U.S. Bank report. His comments included: 17 securities in portfolio. These securities have very high credit ratings. The high quality of these safe investments (mainly government agencies have added a couple CDs that are FDIC insured) guarantee a very low risk portfolio. US Bank does not feel this is the time to extend maturities. Feds are tapering down buying bonds (\$85 to \$65 billion monthly) and rates predicted to go up in 2015 or perhaps late 2014 at earliest. Portfolio continues to have a low yield.

US Bank uses a laddered approach when investing in order to keep funds liquid and to have a quick response time for changing interest rates.

Mike Maloney confirmed that U.S. Bank is in compliance with the City's current investment policy.

Ken thanked Mike for US Bank voluntarily lowering their fees last year to also share the pain in low rate environment. The same fee schedule is now used for all managers and City investment.

4. Tami distributed investment return information for March 31, 2014, from the four investment managers: Dubuque Bank and Trust, U.S. Bank, Dana Investment Advisors and First Community Trust. Also distributed a recap of manager/custodian annual fees based on March 31, 2014 market values.

Ken reported no feedback from the four managers after the returns for past ten years distributed in January.

5. The Commission reviewed the March 2014 quarterly investment reports prepared by Finance. The City has continued to invest maturing investments Certificates of Deposit (approximately 6 month maturities) for the Dubuque Metropolitan Area Solid Waste Agency. Continue to have considerable unspent bond proceeds (approximately \$22 million) invested from recent years' bond issues. The City recently received \$11.5 million of property tax revenue.

The City will be borrowing approximately \$24 million via Flood Mitigation Sales Tax Increment Revenue Capital Loan Notes in two increments, one within two months (approximately \$8 million) and another in early 2015 (approximately \$16 million). The borrowing is part of the State of Iowa Flood Mitigation Program Board state sales tax increment funding of \$98,484,178 for the Bee Branch Watershed Flood Mitigation Project. There will also be a \$29 million State Revolving Loan borrowing for the project.

Recently Finance decided to withdraw \$1,500,000 from the four investment managers with the amount determined by the allocation of managed funds as of February 28, 2014. The last withdrawal of funds was in 2004. Three of the managers have already had their respective share transferred to the City.

6. Ken will notify the Managers that the committee recommended that the four investment managers provide the following information in their reports for their annual visit:

1. Gross and net investment return figures
2. Are "GIPS", Global Investment Performance Standards followed? (These are standards recognized around the world so participants all use the same methods in calculating investment returns)
3. Benchmarks chosen for return comparisons have a R Square of at least .80
4. Along with duration reporting, report average maturity, average coupon, current yield, and yield to maturity
5. Mark-ups, commissions, costs of trading

7. There was no communication from the public, commission or staff to report according to Ken.
8. Paul Lassance term on the commission expires on July 1, 2014, eligible to reapply. City Clerk's office will be forwarding information to Paul to reapply.
9. The next meeting of the Commission is scheduled for Wednesday, July 23, 2014, at 3:00 p.m. in City Hall. A representative from First Community Trust will be invited to the meeting.
10. The meeting adjourn adjourned at 3:40 p.m.