



*Masterpiece on the Mississippi*



**TO:** Members of City of Dubuque Investment Oversight Advisory Commission

**FROM:** Kenneth J. TeKippe, Finance Director *Kenneth J. TeKippe*

**RE:** Un-approved Minutes of the January 28, 2009 Meeting of the Investment Oversight Advisory Commission

**DATE:** February 5, 2009

Commission members Paul Lassance, Hiram Melendez, Virgil Blocker and Gary Ruden were present. Ken TeKippe, Finance Director, and Jean Nachtman, Assistant Finance Director, were also present.

1. The meeting was called to order at 3:00 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. Hiram Melendez moved that the minutes of the October 22, 2008 meeting be approved as written. The motion was seconded by Virgil Blocker and approved unanimously.
3. Mr. William Zaleski and Mr. Andrew Douglas of Dubuque Bank and Trust provided a handout with strategic outlook, total return analysis and 2008 returns. Andrew's comments included economy's in bad shape, project sluggish for rest of year with growth in 2010, consumers hurting, more layoffs anticipated, housing slow. Bond returns were pretty dismal for 2008 with big positive move in last six weeks. Anticipate our portfolio outperforming benchmark in all five of the scenarios for a one-year horizon on total return analysis. The Fed Funds having a range (0% to .25%) is a first in modern investment era.

A couple questions from Andrew on the recently updated investment policy will be followed up on.

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

4. The Commission reviewed the December 2008 quarterly investment reports prepared by Jean Nachtman. The City has continued to invest new funds or maturing investments in Certificates of Deposit (approximately 6 month maturities), due to higher returns than U.S. Treasuries. There continue to be no U.S. Treasuries at end of quarter in our investment portfolio. Recent interest rates for certificates of deposit acquired have been in the 2.0-2.5%.
5. Ken distributed investment return information for December 31, 2008, 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 December 31, 2008, market values.

Ken TeKippe indicated City still has \$11 million in unspent bond proceeds for a number of borrowings, largest being Port of Dubuque Parking Ramp. In addition, borrowings continue through the State of Iowa Revolving Loan Fund for a number of projects, engineer and design work for Upper and Lower Bee Branch and Water Pollution Control Plant work and construction work on West 3<sup>rd</sup> Street Detention Basin Project.

Ken indicated that City did not withdraw funds from the investment managers since the last meeting and there are no plans to withdraw or add to funds during next few months.

6. The recently updated Investment Policy was forwarded to the Association of Public Treasurers of the United States & Canada in early December. A reply relative to the City receiving recertification has not been received at this point.
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 22, 2009, at 3:00 p.m. in City Hall. A representative from U.S. Bank will be invited to the meeting.
9. Virgil Blocker moved that the meeting adjourn. The motion was seconded by Gary Ruden and approved unanimously. The meeting adjourned at 3:50 p.m.

From: City of Dubuque, Investment Oversight Commission  
To: MEMBERS of the CITY COUNCIL OF DUBUQUE  
Regarding: Quarterly Report

In Accordance with Ordinance No. 50-92 (3) Sec. 2-231, City code, the City of Dubuque Investment Oversight Commission (IOC) respectfully submits the 63rd quarterly report.

The IOC members met on January 28, 2009. The transactions reviewed through December 31, 2008 appear to be in compliance with the Articles in the Investment Policy.

The Commissioners and city staff had their the annual review of the funds managed by Dubuque Bank and Trust (DB&T). DB&T was represented by Andrew Douglas and William Zaleski. After an introduction by Mr. Zaleski there was a discussion of current economic conditions and the outlook by Mr. Douglas.

Mr. Douglas reviewed the current investments that DB&T manages for the City of Dubuque. The emphasis continues to be the use of government agency bonds, collateralized mortgage instruments, taxable municipal bonds and some funds invested in bond mutual funds making up the portfolio they manage for the City.

There were some questions from Mr. Douglas about a few points of clarification on the revised Investment Policy for the City of Dubuque. The City staff noted the questions so that they could send a response to all the investment managers. As standard practice we ask the investment managers if they have reviewed Investment Policy to make sure they are still in compliance. It was rather reassuring to have someone ask questions on minor points.

Ken TeKippe, City Finance Director reviewed the performance and fees of charged by the four investment managers. There has been a significant reduction in the yield on Certificates of Deposits (CD) rates in the last few months, with the last CD issued yielding under 2% APR. CD rates are reflecting the Federal Reserves near 0 interest rate policy being used to try an stimulate the economy.

The IOC did receive communication or questions from a couple of the investment managers asking about investing in corporate bonds. We appreciate their expertise in identifying

opportunities. It is the opinion of the IOC that the Investment Policy, that does not allow this investment, should not be changed. The top priority should always be preservation of capital, and that is why we have such limited investment option.

Respectfully submitted

*Paul Lassance*

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Chairman

Investment Oversight Commission