



TO: Members of City of Dubuque Investment Oversight Advisory Commission

FROM: Paul Lassance, Investment Oversight Advisory Commission
Jean Nachtman, Finance Director

RE: Un-approved Minutes of the July 26, 2018, Meeting of the Investment
Oversight Advisory Commission and Chairman's Quarterly Report

DATE: October 25, 2018

Commission members; Paul Lassance, Franz Becker, Gary Ruden, Steve Reisdorf and City staff, Jean Nachtman, Finance Director; Tami Lansing, Assistant Finance Director.

1. The meeting was called to order at 3:02 p.m. in Conference Room A in City Hall by Chairperson Paul Lassance. Finance Director Jean Nachtman, certified that the meeting was in compliance with the Iowa open meetings law.
2. Gary Ruden moved that the minutes of the July 25, 2018, meeting be approved. The motion was seconded by Franz Becker and approved unanimously.
3. Joe Veranth, Chief Investment Officer – Portfolio Manager presented for Dana Investments Advisors. A handout was provided with information on 2018 returns, annual account review and other information.

Monthly and quarterly earnings are increasing due to increase in interest rates. Market price is dropping. Monthly/quarterly returns are outpacing market decline. Current yield on total portfolio is 2.8%. The effective duration of portfolio is 0.85. The two-year treasury note, which most closely mirrors the City's portfolio, has moved up 1%.

Joe reviewed the state of the economy, as related to recent events in the stock market. The yield curve continues to flatten but is not yet indicating that it will invert. The fed fund target interest rate is 2.38% for end of 2018, 3.13% in 2019, and 3.38 for 2020 and 2021. There could be a tick up in unemployment as formerly discouraged workers that have left the job market begin to re-enter and look for work. Real wages will increase, due to low unemployment rates. Beginning to see turnover in the lower income jobs as people are moving to higher wage jobs.

The 2018 September Federal Open Market Committee (FOMC) forecasts a drop in real GDP from predicted 3.1% at the end of 2018 to 1.8% by 2021, unemployment to remain steady at or near current rate 3.7% and inflations to stay around the 2%

target rate. U.S. equities continue higher despite higher interest rates and consumer confidence continues to be high. Negatives working on the economy are world trade disputes, higher interest rates, and political drama. U.S. economy continues to display solid growth but is no longer accelerating.

Joe confirmed that the investments are in compliance with the City investment policy.

4. Jean reported on current cash standings. The City continues to ladder CD maturities to meet operations.
5. The Commission reviewed the September 2018 quarterly investment reports.
6. There was no communication from the public, commission or staff to report according to Jean.
7. The next meeting of the Commission is scheduled for Wednesday, January 23, 2019 at 3:00 p.m. A representative from Dubuque Bank & Trust will be invited to the meeting.
8. Franz Becker moved that the meeting adjourn. The motion was seconded by Steve Reisdorf and approved unanimously. The meeting adjourned at 3:25 p.m.