



TO: Members of City of Dubuque Investment Oversight Advisory Commission

FROM: Paul Lassance, Investment Oversight Advisory Commission
Tami Lansing, Assistant Finance Director

RE: Un-approved Minutes of the January 23, 2019, Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: January 24, 2019

Commission members; Paul Lassance and Gary Ruden, as well as City staff, Tami Lansing, Assistant Finance Director, Arielle Swift, Accountant.

1. The meeting was called to order at 3:09 p.m. in Conference Room A in City Hall by Chairperson Paul Lassance. This is an unofficial meeting as a quorum was not present. Assistant Finance Director Tami Lansing, certified that the meeting was in compliance with the Iowa open meetings law.
2. Paul Lassance moved that the minutes of the October 24, 2018, meeting be approved. The motion was seconded by Gary Ruden. The motion could not be approved without a quorum. The October 2018 minutes will be approved at the May meeting.
3. Tom Stricker, Managing Licensed Wealth Advisor, and Tom Peckosh, Vice President, Senior Analyst, presented for DB&T. Paul Dickson, the Chief Investment Officer, manages the portfolio, but is based in New Mexico and was unable to make it. A handout was provided with information on 2018 returns, annual account review and other information. The information will be provided to missing commission members.

The City ended 2018 with a 1.66% return in comparison to Barclay's 1.3- Yr Treasury, which is the index that most closely mirrors the City's portfolio. The City's portfolio with DB&T has an effective duration of 1.63. This is intentionally short because there is no additional compensation to go longer.

The portfolio has focused on step coupon securities where rates rise over time, thus dampening the impact of rising rates. They believe that the Fed is likely to moderate its monetary tightening program in 2019 and may pause its planned rate hikes during the first quarter. They are expecting the Fed to raise rates maybe once during the year providing higher reinvestment rates. Given the shape of the yield curve they

expect reinvestment opportunities to remain on the short end of the curve but will monitor.

Paul Lassance inquired in they are seeing a lot of refinancing at the callable date when the coupon increases. Tom was going to investigate this and report back.

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

4. Tami reported on current cash standings. The City continues to ladder CD maturities to meet operations.
5. The Commission reviewed the December 2018 quarterly investment reports.
6. Ivan Gruhl, CIO with Honkamp Krueger, reached out to Jean Nachtman in January regarding being heavily invested in bonds. Jean shared the City's investment policy which is driven from state law and the City's experience in the Iowa Trust Scandal back in the 90's. Nick Molo from Honkamp Krueger attended the meeting to observe and may apply for a spot on the commission.
7. The next meeting of the Commission is scheduled for Wednesday, April 24, 2019 at 3:00 p.m. A representative from US Bank will be invited to the meeting.
8. Paul Lassance moved that the meeting adjourn. The motion was seconded by Gary Ruden. The meeting adjourned at 3:42 p.m.