

TO: Members of City of Dubuque Investment Oversight Advisory Commission

FROM: Paul Lassance, Investment Oversight Advisory Commission
Jennifer Larson, Director of Finance and Budget

RE: Un-approved Minutes of the January 22, 2020, Meeting of the Investment Oversight Advisory Commission and Chairman's Quarterly Report

DATE: February 5, 2020

Commission members present:

Paul Lassance, Stephen Reisdorf, Gary Ruden, and Luke Schiltz.

City staff present:

Jennifer Larson, Director of Finance and Budget
Jennifer Raber, Finance Manager
Nathan Kelleher, Finance Accountant.

1. The meeting was called to order at 3:05 p.m. in Conference Room 2 in City Annex by Paul Lassance. This is an official meeting as a quorum was present.
2. Director of Finance and Budget Jennifer Larson certified that the meeting was in compliance with the Iowa open meetings law.
3. Paul Lassance moved that the minutes of the October 23, 2019 be approved. The motion was seconded by Stephen Reisdorf and approved unanimously.
4. Tom Peckosh, Vice President and Sarah Ross, Wealth Advisor, both from Dubuque Bank & Trust presented. A handout was provided with information on December 31, 2019 returns and other information.

The City ended December 31, 2019 with a 3.02% relative return in comparison to Barclay's 2.30% 3-month treasury index, Barclay's 3.59% 1-3-year treasury index, Barclays 5.20% Intermediate index, and Barclays 6.83% Intermediate index. The City's portfolio with Dubuque Bank & Trust has an effective duration of 1.54. Money Manager Paul Dickson reports YTD Income at 1.86% and YTD Capital Gain/(Loss) at 1.16%

Tom Peckosh reported that by the end of 2019, the yield on the US 10-year Treasury fell from 2.69% to 1.92% and hit a low of 1.46% on September 3, 2019. The yield on the 5-yr Treasury fell from 2.51% to 1.69% and hit a low of 1.32% on

September 4, 2019. Interest rates are at the lowest rates in 50 years, Inflation is at 2%, the CPI is at 2,285 and the investment strategy is based upon future rises in interest rates.

Paul Lassance asked how interest rates will be affected by Federal Reserve putting additional money into the economy sense last Fall. Also the 13 trillion into negative bonds in Europe. Tom Peckosh responded that it is hard to predict and has concerns about inflation with low rates, inflation will increase.

Stephen Reisdorf asked about the short duration and if there are concerns. Tom Peckosh responded that our position is good and that it is hard to predict what changes to expect in the duration.

Paul Lassance asked about duration of newly issued Bonds. Tom Peckosh responded that the focus of Bonds is currently a short duration.

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

5. Jennifer Larson reported on current cash standings. The City has \$14.1 million in certificates of deposit and \$26.7 million in the Collins Credit Union money market account which earns the feds fund rate plus 20 basis points. Collins Credit Union has since changed the rate and money is being moved into Dubuque Bank and Trust and Certificates of Deposit. Certificates of Deposit are bidding at 1.88% for 6 months and 2% for 1 year. Purchases of CD's will take place beginning January 2020.
6. The Commission reviewed the December 31, 2019 quarterly investment reports.
7. The Investment Managers Fees are the same as prior quarters, no change.
8. There was no communication from the public.
9. Paul Lassance asked about appointing a Secretary to the committee. Jenny Larson responded that a Secretary is not required.
10. Stephan Reisdorf nominated Paul Lassance to be the Chair of the Investment Oversight Advisory Commission, Gary Ruden seconded the motion.
11. Paul Lassance nominated Stephan Reisdorf to be Vice President of the Investment Oversight Advisory Commission, Gary Ruden seconded the motion.
12. The next meeting of the Commission is scheduled for Wednesday, April 22, 2020 at 3:00 p.m. A representative from US Bank will be invited to the meeting.
13. Paul Lassance moved that the meeting adjourn. The motion was seconded by Gary Ruden. The meeting adjourned at 3:37 p.m.