

# Investment Advisory Committee Meeting (IAC)

## Minutes

### Wednesday, April 20, 2016

#### Members present

Dr. Scott Below, *Chair*; Cameron Evans, *Secretary*

#### City Staff present

PJ Connelly, *City Council Liaison*; Barbara Lipscomb, *City Manager*; Bernita Demery, *Director of Financial Services*; Kimberly Branch, *Senior Financial Services Manager*

#### Others present

Lee Carter and Gary Porter, *North Carolina Capital Management Trust (NCCMT)*

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The meeting of the Investment Advisory Committee took place at 12:00 noon on Wednesday, April 20, 2016 in City Hall Conference Room 126.

#### 1. Introductions

Dr. Below opened the meeting by welcoming everyone in attendance and asking that everyone state their name and title. The newest member to the Committee was Council Member Connelly, City Council Liaison.

#### 2. Review of April 22, 2015 Meeting Minutes

The minutes were approved without exception by the committee.

#### 3. North Carolina Capital Management Trust (NCCMT Presentation by Gary Porter)

Gary Porter and Lee Carter began their presentation with an economic update. Unemployment rates and other US economy highlights were also reviewed. It was also highlighted by Gary Porter that when NCCMT makes projections, the economic conditions are a factor used in determining them.

The Cash Portfolio changes were discussed as well. It was mentioned that 2/3rds of governments voted in August of 2015 to make the change of Cash Portfolio over to a government fund. The banking structure will still be the same and the account numbers will stay the same as well. The changes include that:

- 1) Investments are to be made into municipal securities and;
- 2) There will be reinvestments into government agencies

The State Treasurer is the regulator for these funds. Mr. Cowin asked what kind of impact on return this will have. Mr. Carter responded stating that Fidelity has looked into that and there will be a minimal impact of 8 basis points or .08%. Ms. Lipscomb inquired about the portfolio's makeup, specifically asking whether or not this was all local government money. NCCMT replied that it is all local government money and that no state money is involved; it's just regulated by the State Treasurer.

The Term Portfolio was discussed next. This portfolio started in 1987 and it gave governments a longer term option. Fidelity is the manager for the Term Portfolio, which is a short term bond fund, wherein principal, goes up and down (hasn't moved in the last five years). The target period of 90-120 days, has been shortened. The principal fluctuation was not favored or preferred by governments, so Fidelity has come down to 60 days.

**4. C2 Group's Investment Report Review**

**A. Performance Report as of December 31, 2015**

**B. Information to Management**

The Committee reviewed the Performance Report/Annual Review. Mrs. Demery explained that the City's investments are currently meeting the Merrill Lynch benchmark. In reviewing the C2 Group reports, Mrs. Branch highlighted that the City is rebalancing on a monthly basis. Also, Dr. Below added as a note to those who were new to the Committee, that the Committee made the decision two years ago to shorten the maturities of some of the investments, due to changing/rising rates.

**5. Investment Report as of March 31, 2016**

The Committee reviewed the quarterly report as of March 31st. Mrs. Demery highlighted that based on the history of the City's investments; the City is in a better position than it was two years ago. The charts were reviewed and it was evident that not much more cash is shown and the General Fund's growth has been about the same. Dr. Below added that historically June/July are usually the lowest points for these investments, due to most of the tax revenues being received in August.

**6. Annual Review of City Investment Policy**

Mrs. Demery asked that the Committee members and city officials review the Investment Policy and respond to her with any suggested changes as soon as possible. The changes submitted are to be approved by City Council prior to year-end. Dr. Below mentioned that the suggested changes from the Committee could be submitted to Mrs. Bernita no later than Friday, April 22<sup>nd</sup>.

**7. Other Vendors – Discussion**

Last year, it was agreed by all attendees that this could be a topic of discussion. Mrs. Demery inquired to find out what vendors the Committee suggests bringing in for an overview of the services offered.

Mrs. Bernita mentioned that it would be beneficial for the Committee to bring in companies that would add value to the City such as NCCMT and the C2 Group. It was mentioned by Mr. Evans that a Wells Fargo representative may be a potential vendor to have present at an upcoming meeting. Also, it was confirmed by the Committee that the C2 Group will be presenting at the August meeting.

**8. Upcoming Meetings:**

**Wednesday, August 17, 2016**

**Wednesday, October 12, 2016**

The August was date unanimously confirmed by the Committee; however, the October date will be revisited during the next meeting.