

Investment Advisory Committee Meeting (IAC)

Minutes

Wednesday, August 17, 2016

Members present

Dr. Scott Below, *Chair*; Cameron Lovitt, *New Member*

City Staff present

Barbara Lipscomb, *City Manager*; Michael Cowin, *Assistant City Manager*;
Bernita Demery, *Director of Financial Services*; Kimberly Branch, *Senior Financial Services Manager*

Others present

PJ Connelly, *City Council Liaison*; David Silvas, *C2 Group (Via Phone)*

The meeting of the Investment Advisory Committee was at 12:00 noon on Wednesday, August 17, 2016 in City Hall Conference Room 337.

1. Introductions

Dr. Below opened the meeting by welcoming everyone in attendance and asking that everyone formally introduce themselves. The newest member to the Committee was Mr. Cameron Lovitt.

2. Election of Officers

This item was moved to the next meeting's agenda.

3. Review of April 20, 2016 Meeting Minutes

The minutes were approved without exception by the Committee.

4. C2 Group Presentation by David Silvas

Mr. Silvas began his presentation by reviewing the investment report as of June 30, 2016. He specifically highlighted that the City's current investments have a very good return overall. Mr. Silvas then reviewed the 1-3 year and 3-5 year portfolios. Next, the Investment Income report highlights were given year-to-year, based on the investment report. The 3-5 year Treasury Index review, growth updates and other highlights followed. Mr. Cowin then questioned whether or not all fees for these investments were based off of 10 basis points. Mr. Silvas responded confirming that yes they all are based on that scale.

Mr. Silvas then mentioned that for the investment income of these funds, their firm has been very consistent in providing reporting to the Committee. He also shared with the Committee that the C2 Group uses the Government Finance Officers Association (GFOA) best practices as a guide to develop their reports.

The portfolio composition was discussed next and Mr. Silvas reviewed the holdings distribution with the Committee, which consists of funds that are over and above the City's offerings. He commented that the City's investment funds are exemplary, currently making as much money on investments as possible. This concluded the presentation and Mr. Silvas opened for questions and comments. Mrs. Demery along with Dr. Below then took the time to extend their thanks and appreciation for the work done by the C2 Group.

5. Quarterly Report as of June 30, 2016

Mrs. Demery presented this item and began by stating that there was an increase in cash for the quarter in review. Also, Mrs. Demery highlighted that the City's investments endured a low interest rate and an increase in occupancy tax. She also reviewed the true-up shown for each month on the report, mentioning that the rebalance portfolio is to be in line with the Merrill Lynch benchmark. Portfolio updates were discussed next and Mrs. Demery shared that there had been a market increase and in this particular market the City's earnings are good. Another highlight included the benchmark being surpassed for the 3-5 year benchmark return. This discussion concluded with Dr. Below informing the committee that in anticipation of rates going up in the future very small negative returns will probably be seen in the 1-3 and 3-5 year investments.

6. November 7th City Council Presentation

The Committee discussed using the PowerPoint format from the previous year's presentation and using it to make the necessary changes for this year. Also, Mrs. Bernita asked that changes be submitted to her a month from the date of this Committee meeting and a draft will be an item on the next meeting's agenda.

7. Upcoming Meetings:

Wednesday, October 12, 2016 (Proposed at April 20, 2016 meeting)

The date was unanimously confirmed by the Committee.