

# Investment Advisory Committee Meeting (IAC)

## Minutes

### Wednesday, October 11, 2017

#### Members present

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

#### City Staff present

Ann Wall, *City Manager*; Michael Cowin, *Assistant City Manager*;  
Bernita Demery, *Director of Financial Services*; Jacob Joyner, *Financial Services Manager*

#### Others present

PJ Connelly, *City Council Liaison*; Jeremy Smith, *SunTrust*; Stephen Sexton, *SunTrust*

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The meeting of the Investment Advisory Committee was at 10:00 a.m. on Wednesday, October 11, 2017 in City Hall Conference Room 337.

#### 1. SunTrust Bank Presentation

Mr. Smith presented the City's investment policy. He illustrated to the Committee how he went through the City's policy to address what items the City can and cannot invest. Mr. Sexton then presented a portfolio review. He noted that our securities had a short average life and that all of our bonds are bullet bonds. He showed that SunTrust's reporting shows roll-offs which would be useful for budgeting. Mr. Cowin asked if the upcoming bond issuance would have an effect on securities. Mr. Sexton said that we can structure maturities around bond payments. Mr. Sexton noted that it is important to watch price volatility when selling securities prior to the date they mature. SunTrust has a report that tracks performance vs. expectation and an investment plan that shows dates of roll-offs and the yield of roll-offs. Mrs. Demery mentioned how SunTrust did more upfront work than other vendors. Mr. Cowin asked if SunTrust noticed anything more we could be doing with our investments. Mr. Sexton mentioned the possibility of CD's, and that CD's would be limited to \$248K due to FDIC coverage. He also mentioned that callable bonds yield more than bullet bonds due to call risk. Mr. Sexton discussed that North Carolina securities tend to trade more expensive due to there being less risk. Mrs. Demery mentioned that the City's policy has always been Safety > Liquidity > Yield. With the City having more cash, she said the focus is turning more towards yield over liquidity. Mr. Sexton mentioned that CD's would be good items when holding to maturity. Mr. Below asked Mr. Sexton about SunTrust's fees. Mr. Sexton said there are no fees. SunTrust earns the dealer spread. He said SunTrust would have to be careful about how much advice they give. Dr. Below asked if SunTrust offered an inventory of bonds. Mr. Sexton replied that most of their bonds are in inventory. They can also buy bonds off the street however. The committee thanked SunTrust for their presentation.

#### 2. Review of December 7, 2016 Meeting Minutes

The minutes were approved without exception by the Committee.

#### 3. Quarterly Report as of September 30, 2017

Mrs. Demery presented the Quarterly Investment Report dated September 30, 2017. She said there was not much change from the previous quarterly report. Largest difference was cash balances year over year. The increased cash was due to the \$8 million bond issuance.

#### 4. Follow-up on October 9<sup>th</sup> City Council Presentation

Dr. Below said that the presentation went well and there were no items to follow up on.

**5. 2018 Upcoming Meetings:**

**Wednesday, April 18, 2017 from 10am-11am (Regular Committee Meeting)**

**Wednesday, August 15, 2017 from 10am-11am (Regular Committee Meeting)**

**Wednesday, October 17, 2017 from 10am-11am (Regular Committee Meeting)**

The dates were unanimously confirmed by the Committee.

Additional comments were made at this time. Mrs. Demery addressed Cameron Lovitt's absences. As he has not attended any meetings it was determined that he had vacated his position on the Committee. Council Member Connelly said that he has not made a replacement appointment yet. Mr. Evans inquired as to whether the City would look into using Wells Fargo as an investment partner. Mrs. Demery mentioned that it has been looked into but it is not the right time. The City is concerned with the negative publicity surrounding Wells Fargo at the moment.

Dr. Below motioned to adjourn. Motion passed unanimously and meeting was adjourned.