INVESTMENT COMMITTEE MEETING MINUTES

January 22, 2018

The Investment Committee held a regular meeting on January 22, 2018 at 4:14 p.m. at City Hall in Friendswood, Texas. The following members were present:

Bob Bozka
Larry Collison
Katina Hampton, Investment Officer
Rhonda Bloskas, Deputy Investment Officer

Allan Rasmussen was absent.

1. Committee meeting minutes from May 1, 2017 and July 24, 2017 were reviewed.
    - Bob made a motion to approve both sets of minutes and Larry seconded the motion.
    - Motion passed unanimously

2. The Committee reviewed and discussed the quarterly investment reports for the periods ending September 30, 2017 and December 31, 2017.

    - Katina reported that during the two quarters under review five long-term securities had either been called or matured.
    - Bob stated that rates are up just enough that securities are likely not to be called. Rates have been increasing since July and there is a good likelihood that rates will increase in the future. However, ten-year rate really hasn't moved in the last ten years, overnight lending rate is up, stock market has increased. Suggestion made to take advantage of the increased yields on short-term investments.
    - Katina stated that the investing strategy was to keep investments as liquid as possible due to Hurricane Harvey. She will move funds from Wells Fargo operating account to the investment pools. This will still allow the use of these funds if the need arises since FEMA is a reimbursement grant.
    - Katina also discussed the loss of tax revenue due to homes lost during the storm.
    - There was discussion on the bond funds and how this money is spent and the question was asked why there was still money in the 2006 and 2009 water sewer bonds. Katina explained how the money is set aside for specific projects and these fund should be depleted in the next year.
    - The Committee stated that they like the schedule "Investments by Potential Call Date" because it shows the City has been purchasing securities that are not immediately callable as well as the schedule "Investments by Potential Call Dates" as you don't want everything callable in a year. It was stated that the schedule "Investments by Maturity" is irrelevant because all securities are 36 months; but it was more important that the maturities are laddered.

- Discussion took place regarding the difference between the Texas Class pool and Texas Class Government pool. Bob suggested that investing in the government pools could be a better value and is the safest option.
- The relationship with Wells Fargo was discussed as well as the net credit earnings. It was reiterated to move money from Wells Fargo to maximize interest earnings and to be cautious not to let Wells Fargo get too heavy.
- Larry made a motion to accept the Investment Reports for quarters ended 9/30/17 and 12/31/17. Bob seconded the motion and it carried unanimously. .

3. The Committee set upcoming dates for quarterly meetings as follows: April 23, 2018, July 23, 2018 and October 22, 2018. All meetings will begin at 4:00 p.m.

4. Larry motioned, Bob seconded and the Committee unanimously voted to adjourn the meeting at 5:30 p.m.

Minutes approved by:

Katina Hampton

Katina Hampton
Investment Officer

Date Approved: April 23, 2018