

approved April 7th 2009
Fluvanna County Finance Board
Minutes
February 23rd 2009

Members Present: Marvin F. Moss, Chairman, Board of Supervisors; Linda H. Lenherr, Treasurer; Bryan Gardiner, Citizen Representative; and Alice F. Jones, Clerk, Board of Supervisors

Also Present: G. Cabell Lawton, IV, County Administrator and Gloria Vest, Chief Deputy Treasurer

CALL TO ORDER

Chairman Moss called the meeting to order at 7:00 p.m. in the County Treasurer's Office.

ADDITIONS TO THE AGENDA

Chairman Moss asked if there were any additions to the agenda. There being none, Chairman Moss proceeded with the meeting.

APPROVAL OF MINUTES

MOTION:

Mr. Gardiner moved the minutes of January 26th 2009 be approved.

Mrs. Lenherr seconded. The motion carried with a vote of 3-0. AYES: Gardiner, Lenherr and Moss. NAYS: None.

REPORT ON INVESTMENT OPTIONS

Mrs. Lenherr provided information regarding CD rates as of February 23rd 2009 from Bank of America, BB&T and Wachovia and indicated she was waiting to hear from SunTrust Bank. She also provided a handout listing long-term debt ratings which included several different banking institutions. Information was also provided from Evergreen Investments regarding Money Market Funds and Fixed Income Funds. Mrs. Lenherr addressed the group regarding prime funds and suggested that would be the best thing to do if the County is to earn more money but there is a risk with top end commercial paper. The interest rate is .8% as of today which is more than the .32% range the County is currently making.

DISCUSSION OF INVESTMENT OPTIONS

Discussion ensued regarding investment options and Mr. Gardiner suggested the Treasurer delay until March 2009 before making any changes [transfer money into CD's]; then move money into a prime fund. He indicated that there were a number of financial bonds maturing.

Further discussion ensued and Chairman Moss asked for clarification and the Treasurer indicated there were only two options available, the treasury or prime funds to move the money into. Chairman Moss suggested that after the money was moved, a regular review should be made every week or two to check the interest rate and see how the

account is doing. He also suggested the Treasurer go further a field and look at other banking institutions; not necessarily local [Wells Fargo, Charles Schwab, etc.].

Moving the Treasury Funds

MOTION:

Mr. Gardiner moved to recommend to the Treasurer the Money Market Funds at Wachovia be moved from the current Treasury Fund to the Prime Management Fund. Mrs. Lenherr seconded. The motion carried with a vote of 3-0. AYES: Gardiner, Lenherr and Moss. NAYS: None.

Further discussion ensued regarding the proposed FY10 Budget. Mr. Lawton indicated that due to the decrease in revenue [personal property tax decline at approximately 20% of value; public utilities at a 5% drop, etc.] the fund balance may need to be drawn from to balance the budget.

Chairman Moss moved onto the issue of CD's and their ratings. The difference in the debt rating versus the deposit rating was mentioned and what the importance was. Mr. Gardiner indicated the deposit rating was the most important; CD's fall under the deposit protection by the State. It was suggested that Bank of America be used to purchase CD's at a six (6) month term in the amount of \$2 million. Further discussion ensued and Mr. Gardiner suggested that a procedure be developed of forecasting cash use and then develop a more structured way of handling all investments. This can be developed as part of a policy.

Chairman Moss suggested that the Treasurer, along with the Finance Director and the Budget Analyst develop a cash flow analysis with a bar graph showing cash holdings.

Mr. Gardiner inquired as to the \$10 million in the money market assets, what are the cash drains [fire truck payment, school payments, etc.]; of the \$10 million, how much does the balance fluctuate over the course of a year? Government protection and deposit insurance was discussed.

Chairman Moss suggested the Treasurer check into what the government protection policy entails and report back to the Finance Board; if the protection is there, then move \$2 million into CD's for a six (6) month period. Find out what the fees would be from Bank of America.

Mr. Lawton inquired if the policy direction of the Finance Board was to look at where the cash holdings are to dictate the kind of level of investment in the various areas. Mr. Gardiner agreed and indicated that would provide structure of how much would be moved and would provide guidelines and procedures for the Treasurer.

Moving Money into CD's

MOTION:

Mr. Gardiner moved to recommend to the Treasurer that \$2 million be moved into a six (6) month CD at Bank of America from the current money market fund holdings [assuming the government protection is there then the Finance Board members would be in agreement to moving the money]. Mrs. Lenherr seconded. The motion carried with a vote of 3-0. AYES: Gardiner, Lenherr and Moss. NAYS: None.

Chairman Moss suggested the Treasurer keep the Finance Board apprised of any money moved into CD's and the progress.

Mr. Gardiner inquired as to what happens now? Does the Treasurer report back to the Finance Board whenever a transfer is made? How does the Finance Board know if their recommendations are being followed or used? Is it now the Treasurer's responsibility to make a decision? The Finance Board is only an advisory board. Does the Treasurer report back to the Finance Board of any decision or changes she has made or whether she has decided to delay or not do anything? What happens after the meeting? Chairman Moss suggested a procedure be adopted that any recommendations made by the County Finance Board to the Treasurer result in a report back to the Finance Board on actions taken as a result of motions adopted.

COMMUNICATION

It was suggested when sending out emails [or any other information] regarding the County Finance Board, that all involved receive the email or documentation. This would allow other members to know what others thoughts, recommendations, or concerns might be on any given issue.

NEW ITEMS OF BUSINESS

None.

NEXT MEETING

The next meeting of the County Finance Board is to be announced.

ADJOURN

There being no further business, the meeting was adjourned at 7:55 p.m.

Respectfully submitted by
Alice F. Jones
Clerk, Board of Supervisors