

Chevy Chase Village

Financial Review Committee

Minutes of Meeting February 12, 2019

The meeting was called to order by Lou Morsberger, Chairman, at 4:35 PM. Attendees included: Gary Crockett, Village Treasurer; Shana Davis-Cook, Village Manager; Demetri Protos, Village Finance Director; Suellen Ferguson, Village outside counsel; and Members of the Financial Review Committee Brian Christaldi, Gail Feldman, and Sam Lawrence, in addition to Mr. Morsberger.

The Committee Members reviewed the proposed Minutes of the Committee meeting of January 8, 2019. It was moved and seconded, and the Members agreed unanimously that the Minutes be adopted.

The attendees reviewed the questions posed in the January 8 meeting, and status and answers were provided by Mr. Crockett, Ms. Davis-Cook, and Mr. Protos. Those answers are provided in the attached Exhibit I.

A review and discussion then followed of the draft revised Investment Policy, as had been previously emailed to attendees by Mr. Crockett. Changes were proposed by the attendees and incorporated by Mr. Crockett into the draft. The attendees agreed that the review should continue in a subsequent meeting, and that additional proposed changes could be emailed by attendees to Mr. Crockett, ideally by March 6. The time for the next Committee meeting would be determined by email exchanges among the group, targeting late March.

It was moved and seconded, and by unanimous consent, the meeting was adjourned at 7:00 PM.

Respectfully submitted,

Lou Morsberger, Chairman

Exhibit 1:

**Questions Posed at Financial Review Committee Meeting of January 8, 2019,
and Answers Discussed at Meeting of January 30, 2019**

- Mr. Crockett offered to draft a revised Investment Policy for review by the Committee in a subsequent meeting.
 - **Mr. Crockett emailed a draft revised policy to the participants on 1/25/2019.**
- Mr. Crockett and Ms. Cook-Davis would enlist the help of Village counsel Suellen Ferguson for opinions on:
 - a. Does the list of permissible investments included in Maryland Code §6-202 (1)-(13), as referenced by §17-101(c)(i), apply to municipalities such as the Village, or does that list only apply to investments by the State Treasurer?
 - **The list applies to municipalities, so such investments by municipalities are not restricted by the Code.**
 - b. Does §17-101 (c)(2) mean to distinguish “unexpended funds” from funds that might be invested in accordance with §17-101 (c)(1)? So are bank deposits meant to be distinguished from investable funds in some way?
 - **The Village’s Investment Policy can define how funds available for investment is to be calculated.**
 - c. Are there any prohibitions, state, federal, or other, on the Village investing in US Treasury bills notes, or bonds?
 - **There are no prohibitions, but a broker will need to address compliance requirements when opening an account.**
 - d. Do Maryland Code and regulations permit the Village to make investments with maturities greater than 2 years, so that the Village might have the right to revise its Investment Policy to permit investments with maturities as long as 3 years, or even 5 years?
 - **There is no State of Maryland restriction on length of maturity, but the Village Investment Policy can specify such a limit. Other municipalities are known to have limits of 5 years and even longer.**
- Ms. Cook-Davis and Village Finance Director Demetri Protos would research the Maryland Local Government Investment Pool (MLGIP) to determine:
 - a. To what extent are investments in MLGIP insured by the federal government, or by the State of Maryland?
 - **Investments in MLGIP are not insured by either the federal government or by the State of Maryland.**
 - b. Have investments in MLGIP earned a higher rate of return, historically, than CDs or Treasuries?
 - **In the recent past, investments in MLGIP have earned returns of 2.2%, matching recent returns on Treasury bonds.**
- Ms. Davis-Cook and Mr. Protos would also confirm FDIC limits on funds that might be invested in a single account versus funds that might be spread across accounts within a single institution.

- ***FDIC insurance applies to a maximum of \$250,000 invested by an entity, as defined by its tax ID number, with any single FDIC-insured institution.***
- The Committee will reconvene, tentatively on February 12, 2019 at 6:30 PM at the Village Hall, to review results of the above items (1)-(4), and based on those results, consider:
 - a. What is the best definition of, and means of calculating, the Village's "investable" funds, i.e., funds that might be invested in MLGIP, CD's, Treasuries, or other permissible investments, versus funds to be maintained in readily accessible checking and savings accounts)?
 - ***Discussed in part at the January 30 meeting, with Committee recommendation to be reflected in an anticipated draft revised Investment Policy.***
 - b. What are the appropriate allocation limits for the Village's investable funds for incorporation into a revised Investment Policy?
 - ***Discussed in part at the January 30 meeting, with Committee recommendation to be reflected in an anticipated draft revised Investment Policy.***
 - c. How should existing Village Investment Procedures be revised to ensure proper monitoring of the Village's investments and compliance with an updated Investment Policy?
 - ***Discussed in part at the January 30 meeting, with Committee recommendation to be reflected in an anticipated draft revised Investment Policy.***