

SOUTHEAST COMPACT COMMISSION

FINANCE COMMITTEE

JUNE 24, 2020

The Finance Committee meeting was held via a virtual Zoom meeting. Chairman Paul Burks called the meeting to order at 9:00 A.M. A quorum of the Committee was present.

**Members present were:**

Paul Burks, Chairman

Karl Frost

John Lanza

Donna Hodges

Debra Shults

Jack Storton

Steve Harrison, *ex officio*

John Williamson, *ex officio*

**Staff present:**

Ted Buckner

**Also present were:**

Bynum Satterwhite

David Turberville

Les Foldesi

Michael Mobley

**Public Comment**

Chairman Burks noted that there were no members of the public present for the meeting.

**Staff Report**

Ted Buckner, the Commission Executive Director, provided a summary of the items on the agenda for the day.

**Review of Financial Status and Management of Commission Funds**

Bynum Satterwhite of Raymond James, the Commission's investment firm, provided committee members with report of the current status of the Commission's investments and provided a detailed explanation of the report including:

- The difficulty of meeting the Commission Investment Objectives due to declining rates of return and the impact of Covid on the market;
- Rates of return;

- Duration and yield to worst;
- Callable investments and their impact on yields;
- Laddering of the portfolio using a bell curve approach;
- Asset classes within the portfolio;
- Ratings of investments;
- Duration of investments;
- Current market value of investments;
- Diversification of corporate investments; and
- Cash flow and interest payments.

Mr. Buckner had no further information to add to Mr. Satterwhite's presentation.

### **Statement of Investment Objectives**

The Committee discussed the current Investment Objectives document and recommended that the Commission approve changes to add a reference to the Finance Committee in sections III. And IV., increase the limit on corporate investments to 25% on the book value of Commission funds and change the limit on investment on any one issuer of corporate bonds to 1% of book value of Commission investments.

**Donna Hodges made a motion to accept the changes and John Lanza seconded the motion. The motion passed unanimously.**

### **Discussion of Proposed Budget for 2020/ 2021**

Ted Buckner presented the proposed budget for 2020/2021 and the supporting documentation to the Committee. He explained the significant differences between the proposed budget and the 2019/2020 approved budget and noted that projected revenues exceed the proposed budgeted expenses.

**Jack Storton made a motion to accept the proposed budget and send it to the Administrative Committee for further consideration. Debra Shults seconded the motion. The motion passed unanimously.**

### **Internal Control Recommendations**

The Commission engaged the accounting firm of Williams Overman Pierce, LLP to assist with an analysis of the Commission's accounting and internal control policies and procedures. The firm performed inquiries and analyses of the then current policies and procedures and provided the Commission with its observations and recommendations. The Finance Committee has developed a set of recommendations to be approved by the Commission to enhance the accounting and Internal control policies and procedures.

**Debra Shults made a motion to approve the Internal Control Recommendations and send them to the Commission for further consideration and approval. Jack Storton seconded the motion. The motion passed unanimously.**

**Public Comment**

There was no public comment.

The meeting adjourned at 10:25 A.M.