



**Community
Foundation**
of the
Dan River Region

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Finance Committee Meeting Minutes
February 19, 2024
12:00 PM; In-person and Virtual Meeting

Present: Kerri Burchett, Scott Barnes, Vince Kania, Jr., Bill Riddle, Kunal Patel, Nina Beth Thornton, Seth Lynn, Carole Holland, Katy Jones, and Kathy Milam

Absent: Jennifer Hiltwine and Lisa Johnson-Knight

Guests:

From AMNB and Atlantic Union Bank (AUB): Mark Holland, Debra Carlson, John Ockerman, and Mitchell York

From Smith Salley: Andrew Davis and Brian May

Welcome: Kerri Burchett, Chairperson, welcomed everyone and called the meeting to order at 12:00 PM.

AMNB/AUB Presentation: Mark Holland provided an overview of CFDRR's existing investments with AMNB Wealth Management. He indicated that the merger date with AUB is likely to be April 1, 2024. Smith Salley resigned January 1, 2024. AMNB hired AUB to manage investments on a contractual basis.

Mitch and John summarized their backgrounds and tenure with AUB. Mitch joined 16 months ago and John joined last August. They have a team of 11 people. They distributed a book for the committee and focused on page 15, where observations and recommendations are stated. They discussed the concentration risk of our bond portfolio, the need for increased diversification, and need to smooth out maturity distribution of our bonds. They said they do not like callable Agency bonds and they will be sold. Seth reminded them that we are invested for stability not for a money machine. John said they would make small changes to accomplish stability and lower risk to the portfolio.

Smith Salley Presentation: Brian May and Andrew Davis spoke to the committee next. They provided a book for everyone. Andrew is the Fixed Income Manager for Smith Salley. They worked for CFDRR for 10 years. If they were to continue working for us, it would be with a different custodian: Charles Schwab or Fidelity. Some of the plusses of working with them include:

They are local, located in Greensboro.

They are 100% employee owned, so they are less concerned about their profit margin.

Their fee perspective is competitive, but minimal because they have less overhead than a bank.

Their technology is better than AUB, superior to AMNB. They are top shelf for reporting and communicating.

They have a growing pipeline for new business.

Introduction of New Accountant: Kathy introduced Katy Jones, our new Accountant. She told the committee a bit about her work history. We are glad to have her here working with us on a part-time basis.

Minutes: Minutes from the November 20, 2023 were presented. On a Kania/Barnes motion, all approved the minutes.

Financial Report: Vince remarked on the December 31, 2023 Financial Statements. They show \$57.4 million in assets. We received a \$6 million gift last week, so our assets are now at \$63.4 million. Expenses are in line; compliments to the staff. On a Patel/Barnes motion, all approved the Financial Report.

Investment Analysis and Discussion: Seth Lynn, DAHAB Consultant, shared his perspective and asked questions during the two presentations. To the committee, he suggested that we let our bond investments ride for now with AMNB/AUB. He said that he will reach out to both AUB and Smith Salley to let them both know we have not made a definitive decision about where our fixed income assets will be invested.

Old Business: The Marshall Trust distribution received last week for \$6 million was discussed. On a Patel/Kania motion, it was agreed that \$5 million will be spread out between several Vanguard accounts identified by Seth Lynn, and \$1 million will be deposited into the AMNB IMA #2. All approved the motion.

Discussion took place about ways to keep some of the money invested with local financial advisor. It was noted that Seward Anderson, who managed the Marshall investments for about 30 years, contacted us and requested that we consider investing some portion with him at Wells Fargo. He provided books describing two funds with Confluence.

Cash Availability: Katy provided this report. She noted she had made several changes for clarity in the identification of accounts. She said that our cash position is fine for upcoming cash needs.

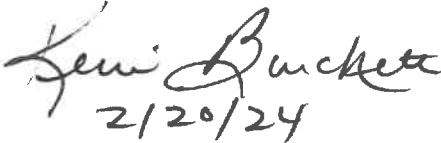
2024-2025 Spending Policy: Kathy said Kendra prepared this after the December 31, 2023 books closed. It is a working document and will be needed for the scholarship allocation process. On a Barnes/Kania motion, all approved the 2024-2025 Spending Policy.

Policy Review: The committee had no changes to recommend to the Statement of Investment Policy. Kathy pointed out that the Financial Policy and Procedure was recently reviewed, but more recently, staff questioned the policy related to distribution of mail. After committee review, it was agreed to retain the first sentence under Receipt and Handling of Funds, on page 2 of 6. The sentence will read, The Executive Director or designee will receive the mail, sorts and distributes it. A sentence will be added at the end of that section stating: The Executive Director has the discretion to assign receipt and handling of funds tasks to other staff members to ensure the completion of these tasks in a timely manner. On a Kania/Patel motion, all approved carrying forward the board policies with noted changes.

With no further business, the meeting adjourned at 2:30 p.m.

Respectfully submitted,

Kerri Burchett
Chairperson



CFDRR Allocations	Approved August 28, 2023	Target
Large Cap Equity		25%
Mid Cap Equity		20%
Small Cap Equity		10%
International Equity		20%
Emerging Markets		5%
Private Equity		5%
Real Estate		5%
Fixed Income		10%