



MINUTES OF THE REGULAR MEETING OF THE FINANCING CORPORATION

August 23, 2011



OPEN SESSION / CALL TO ORDER

President McKean called the meeting of the Financing Corporation to order at 3:02 p.m. and led the Board members and audience in the flag salute

Financing Corporation
Board of Directors present:

Mark McKean, President
Bill Henry, Vice President
Nina Oxborrow, Clerk
Jeff Levinson
Edna Ivans
Jack Minnite
Steve Cantu

Financing Corporation
Board of Directors absent:

Edna Ivans

Introduction of Guests

There were no guests introduced at this time.

Public Comments

There were no public comments made at this time.

FINANCING CORPORATION REPORTS AND ACTION

FC-6 Minutes – The minutes of the July 26, 2011 meeting of the Financing Corporation were approved on a motion by Trustee Minnite, seconded by Trustee Henry, and carried unanimously.

Trustee Cantu arrived at this time.

FC-7 Quarterly Report – Mr. Mike Urner of Wells Fargo and Mr. Dave Ivarie of Morgan Stanley Smith Barney, provided a quarterly report on the Certificates of Participation (COP) investments. Dr. Frank Gornick questioned fixed assets. Mr. Urner stated that the average maturity in

agencies right now is about three and a half years. He discussed safe exposure and extending maturities.

FC-8

Review and Discussion of Portfolio Management – Mr. Urner and Mr. Ivarie discussed various matters regarding the district's portfolio and the current market. Dr. Gornick questioned if we want to alter our philosophy or strategy and stated that the ladder approach seems to be working for us. Mr. Urner discussed bonds and rates and stated that we are leaning toward what he thinks the probability is that we are going to lose our capital gain. Dr. Gornick stated that we know the rates are going to stay low for at least another 18 months. Mr. Urner commented that it will not be the federal government that will make rates change. They will be watching the bond vigilantes. When trends begin to change, that is where they will be more forthcoming. He stated that he doesn't want to the district to abandon their core philosophy. We will have low return for a while. Mr. Ivarie stated that he does not want to give up the ladder approach. Mr. Urner thinks we can harvest some profits and then find ways to increase the cash flow.

President McKean commented on the Financing Corporation policy and procedure which was approved in 2003. Dr. Gornick explained that Mr. Urner and Mr. Ivarie will be coordinating with Mr. Ken Stoppenbrink to review the documents and suggest necessary changes.

ADJOURNMENT

There being no further business before the Financing Corporation Board, the meeting was adjourned at 3:40 p.m.

Nina Oxborrow
Secretary of the Financing Corporation

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