

WEST HILLS COMMUNITY COLLEGE DISTRICT

Board of Trustees 9900 Cody Street Coalinga, CA 93210 (559) 934-2100

MINUTES OF THE REGULAR MEETING OF THE FINANCING CORPORATION

July 7, 2008



CALL TO ORDER / OPEN SESSION

This meeting of the Financing Corporation of the West Hills Community College District was held via conference call. President Mark McKean called the meeting of the Financing Corporation to order at 9:01 a.m.

Financing Corporation <u>Board members present</u>: Mark McKean Nina Oxborrow Edna Ivans Jack Minnite Steve Cantu Financing Corporation <u>Board members absent</u>: Bill Henry Jeff Levinson

<u>Administrators present</u>: Frank Gornick, Chancellor Ken Stoppenbrink, Vice Chancellor of Business Services Frances Squire, Director of Marketing

Introduction of Guests

There were no guests present at this time.

Public Comments

There were no public comments made at this time.

FINANCING CORPORATION REPORTS AND ACTION

FC-1 <u>GIC Investment</u> – Mr. Ken Stoppenbrink reported that the current GIC 2 investment with MBIA is due to expire in September and the district plans to liquidate and invest elsewhere. A stipulation in the contract with MBIA stated that if they were downgraded below AA, MBIA would be required to liquidate our assets. In June 2008, MBIA was downgraded to A2 with a negative outlook by Moody's and all assets have been liquidated. MBIA has transferred \$32, 561,013.78 to the Fresno County Tax Treasurer's Office. Mr. Stoppenbrink explained that the funds will need to be reinvested. He gave a brief explanation on his research and reported that in researching current rates, which range from a low of 2% to a high of 3.55%, EECU had the highest yield at 3.55% for 24 months. Mr. Stoppenbrink recommended the district invest as follows: \$2,561,013.78 with EECU for 24 months at 3.55%; \$15,000,000 with Morgan Stanley every 12 months over a period of 5 years at 2.875% - 4.253%; and \$15,000,000 with Merrill Lynch every 12 months over a period of 5 years at 2.875% - 4.253%.

Trustee Cantu questioned the stability of Morgan Stanley and Merrill Lynch. Mr. Stoppenbrink explained that the funds will be going into different investments and will not go into any Merrill Lynch or Morgan Stanley stocks or bonds. Trustee Cantu wanted to be sure the district was cautious in their investments. Mr. Stoppenbrink understood and stated that they will be invested in government securities, agencies, certificates of deposits, and treasury bills. Trustee Oxborrow questioned the level of insurance for EECU. Mr. Stoppenbrink stated it is \$100,000 which is the same as others banks.

Dr. Frank Gornick asked Mr. Stoppenbrink to give a brief explanation on the refunding of the COPs. Mr. Stoppenbrink reported that the first two auctions for the refunded COPs were 1.5%; the third auction was at 1.15%. Trustee Minnite asked if the commission rate would be the same with Morgan Stanley and Merrill Lynch as others and Mr. Stoppenbrink confirmed.

On a motion by Trustee Minnite, seconded by Trustee Oxborrow, and carried unanimously, the following recommendation to invest funds with EECU, Morgan Stanley, and Merrill Lynch was approved:

- EECU 24 Months at 3.55% \$ 2,561.013.78
- Morgan Stanley \$15,000,000.00

Investments will be placed with agencies with maturities laddered in 12 month increments with \$3,000,000.00 for 12 months; \$3,000,000.00 for 24 months; \$3,000,000.00 for 48 months and \$3,000,000.00 for 60 months, with yields at current market rates ranging from 2.875% up to 4.253%.

Merrill Lynch

\$15,000,000.00

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Trustee Oxborrow asked if the district had protection with Morgan Stanley and Merrill Lynch regarding liquidation if they are downgraded. Mr. Stoppenbrink explained neither Morgan Stanley nor Merrill Lynch would invest in anything below an AA rating. He also reiterated that investments will not go into any Morgan Stanley or Merrill Lynch stocks or bonds; they are only handling the investment of the funds.

ADJOURNMENT

There being no further business before the Financing Corporation Board, the meeting was adjourned at 9:12 a.m.

Nina Oxborrow Secretary of the Financing Corporation

/bc