

**MCLS Audit and Finance Committee
Conference Call
November 27, 2007**

Minutes

Participants: Greg Mullen, SAM, Chair; Barbara Pearson, ALT; Debra Brighton, ELS; Jean Scully, RED; Paymaneh Maghsoudi, WHI; Rosario Garza, Pamela Collins, Jeri Takeda, MCLS.

Unable to Participate: Greg Shapton, POM

Greg Mullen began the conference call at approximately 3 p.m.

1. Public Forum

There were no guests or members of the public who wished to address the committee.

2. Adoption of the Agenda

It was MSP (Pearson, Brighton) to adopt the agenda for the meeting as distributed.

3. Approval of Minutes

It was MSP (Pearson, Maghsoudi) to approve the minutes of the September 27, 2007 conference call meeting as distributed.

4. MCLS Investment Policy

Greg Mullen reported on recommended changes for the MCLS Investment Policy:

- from the previous meeting, for clarification of the clause on Liquidity, changing the word “for” to “throughout” as follows: “MCLS will maintain balances in liquid public checking and money market accounts to handle all projected cash needs **for throughout** the budgeted fiscal year.”
- adding savings accounts to the Liquidity and Withdrawal of Funds sections.
- removing the reference to the Mellon 1st Business Bank in the Withdrawal of Funds section.

Rosario Garza noted that FDIC-insured savings accounts with institutions other than Mellon would yield higher returns than what we are currently receiving from the Mellon money market account, i.e. approximately 4.65% vs. 2.02%. MCLS staff monitors the cash flow very closely, keeping as much as possible in the accounts that are earning more money. MCLS previously had \$2.6 million in a Mellon savings account earning approximately 1.9% interest; the savings

account was closed when the funds were moved to an investment account earning over 5%.

It was noted that FDIC insurance limits are \$100,000 per institution without regard to the number of accounts that exist with the institution. MCLS has \$2.7 million in investments that are as safe as possible. The savings accounts will be limited to \$100,000 per institution.

It was MSP (Scully, Brighton) to recommend Council approval of changes to the MCLS Investment Policy, adding savings (accounts) to the Liquidity and Withdrawal of Funds sections and removing the reference to the Mellon 1st Business Bank in the Withdrawal of Funds section.

5. MCLS Savings Account

Rosario Garza, MCLS Executive Director, referred to the Non-Profit Resolution with ING Direct included in the agenda packet, noting signatures needed to open an account. It was also noted that online banking would be used; committee members felt that the option of online banking should be brought before the full Council in case anyone had strong feelings against it. The committee also mentioned the possibility of opening savings accounts with more than one institution in order to stay within the insured limit. Since the committee has already recommended Council approval to add the option of savings accounts to the MCLS Investment Policy, no action was needed from the committee in order for MCLS to open one or more savings accounts once Council approval is received.

6. Investment Review

Rosario Garza noted that the investment of \$2.6 million in Federal Farm Credit Discount Notes which is an investment in a U.S. agency and in compliance with the Investment Policy as an approved investment was due to mature on December 7, 2007. A 90-day investment would yield approximately 4.3%. It was noted that a downward trend in returns is being forecasted.

It was MSP (Maghsoudi, Brighton) to reinvest the MCLS funds in an amount up to \$2.7 million in Federal Farm Credit Discount Notes or a similar investment.

8. Other

There was no other business to be conducted by the committee.

9. Adjournment

The meeting was adjourned at 3:40 p.m.