CD ISSUE

I have done some exploration on this subject. Here is what I have discovered. We are not purchasing CDs on the 'open market'. These are short term CDs which Edward-Jones has in their 'inventory'. That is to say, they purchase large lots and resell to their clients [with a reduced return]. Other financial advisors [independent] provide a 'trade-away' mechanism which is the purchase of a CD from a larger bundle of CDs purchased by a local advisor. These are sold in smaller quantities to local customers with only a transactional fee [$5-20]. It is unlikely that E-J [a securities firm] can legally do this.

We get a lower return rate because; 1-E-J manages them from their 'inventory' with the reduced rate, and 2, because they are short term, we have been purchasing 3-6 month CDs to develop our laddering. It is likely that Jessica Leveroos cannot purchase CDs at a higher rate without having longer terms.

We currently have 6 CDs at ~$100K each and Money Market Funds of ~$280K –cash. We are striving to synchronize these to mature at two month intervals. We have not yet met that goal.

Bank of China	2/19/15	.30%
AmEx	3/18/15	.35%
Bank of India	5/20/15	.45%
Baroda Bank	6/16/15	.45%
G.E.	8/231/15	.40%
Discover	11/19/15	.40%

Once a bi monthly maturity progression is established we can go to 1-year maturities. We are close to that goal. I requested the Bank of China & the American express CDs be placed for ~1 year when they mature. This should develop a return closer to 1%. This may have been a poor plan since the penalty is usually relatively small .. actual value at the time of sale and not the 'matured value'.

As an option, we can ask Jessica to begin 'active management' of our assets which would allow greater returns but at greater risk. This has not been favored by the Board in the past. We have no policy written but we have assiduously protected our principal as a matter of practice.

Otherwise, if we went on the 'open market' we would need someone [Treasurer?] to keep them segregated and synchronized. The FDIC only insures CDs to $250,000. Conceivably, we could add a seventh or eighth CD giving greater scheduling flexibility and longer CD maturities. We could also establish a quarterly maturity schedule with $200K in each of four CDs which would be somewhat easier to manage. In my tenure we have only procured cash from the CD account [Money Market Fund, not CDs] for the Cold Springs home purchase.

Basically, if we wish greater returns it seems we need to give Jessica more flexibility or manage them on the 'open market' ourselves.