

CAPISTRANO BAY DISTRICT
AGENDA REPORT
December 15, 2015

Financial Reports

ITEM 7b

NEW ACCOUNT AT WELLS FARGO BANK – SAN CLEMENTE

The District's current account at the local WFB branch in San Clemente was originally established as a non-interest bearing savings account. At the time it was set up, the FDIC was insuring and guaranteeing deposits up to \$500,000 but only in non-interest bearing deposit accounts. A few years ago the FDIC reduced that limit back to the standard of \$250,000.

The District learned however, that because our deposits are public funds there are provisions in the banking law in California that require all banks to guarantee those public funds at whatever amount is on deposit. What this meant for the District is that it no longer has to maintain its deposits in non-interest bearing accounts which has opened the door for the District to create an interest-bearing deposit account, move its funds into the new account and close the old account.

The new account has been recently established and management needs the approval of the Board, in the form of a MOTION, to proceed with the transfer of the balance of \$249,960 into the new account and to close the existing non-interest bearing account.