

CAPISTRANO BAY DISTRICT
AGENDA REPORT
November 14, 2023

Financial Report

ITEM 9b

Investment Opportunities

The District is limited to the amount of risk it can take with investing its reserves. It's not like a private operation that can play the Lotto and hope to win.

Our current reserves on deposit with Farmers & Merchants and Sunwest Banks are paying interest at .05% and the banks have Government-regulated guidelines on how to take public tax dollars (that's the District's money) and try to maximize interest rates in instruments like CD's or Money Market.

Local Agency Investment Fund (currently paying 3.5%)

The LAIF fund is popular with Special Districts and Government Agencies as it understands the risk limits for public agencies and is willing to work within those restraints. The District currently keeps a total of \$239,543 on deposit with LAIF, and has been an active participant for about 25 years.

Local Banks

Both FMB and Sunwest have been contacted and the District is currently looking into investment possibilities with each bank. FMB could be a possibility given the tenure we have with them. They've indicated that length of tenure has a positive impact on how FMB assesses the risk.

Private Investment Firms

The District has recently opened discussion with *Optimized Investment Partners*. We didn't find them, they solicited us. After initial sharing of our financial reports, they seem to think we could earn as much as \$30K annually in their program. The communications are new and the District would need to dig deeper into this opportunity. We will need to have them get familiar with the Government restrictions on how far they can invest public tax dollars. The \$30K estimate could prove to be something far less.

Whatever path the District chooses, we have a very limited amount of reserves to invest, which impacts the amount of return on those investments, and given the impending shoreline erosion factor, the District must carefully consider to what degree it wants to tie up money. We will have more to report at the next Board meeting.