

CAPISTRANO BAY DISTRICT
AGENDA REPORT
December 19, 2023

Financial Report

ITEM 9b

Investment Opportunities

The District's current earnings from our bank accounts and investment funds are as follows:

Farmers & Merchants Bank	.05% interest rate (fluctuating balance averaging \$400K - \$500K)
Sunwest Bank	.05% interest rate (fluctuating balance from zero to \$200K)
LAIF	3.5% interest rate (current balance about \$240K)

- FMB is our depository bank for receiving monthly property tax apportionments from the County.

- Sunwest Bank is our check writing account where all payables are processed. As the account is drawn down, transfers from the FMB account are moved to cover that month's payables. We previously managed payables out of the FMB account but added Sunwest when the District contracted with Compass Property Management. Compass PMC uses a payables management program that was already set up through Sunwest Bank and FMB did not use that program.

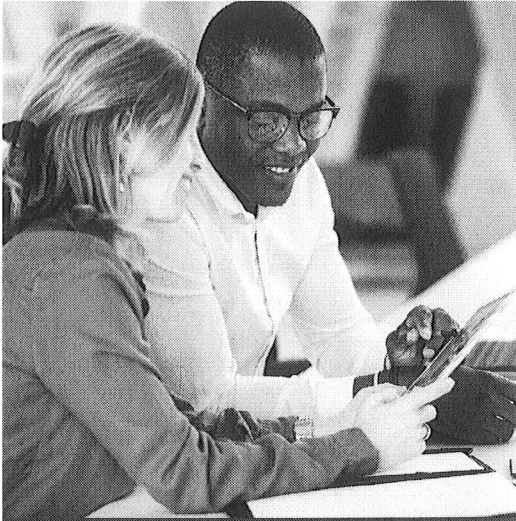
Since recovering from the Orange County bankruptcy back in the mid 90's, the District set up an account with FMB making that bank our direct depository for property tax apportionments coming from the County Treasurer. There are local agency depository laws that FMB was able to comply with and for that reason, the District will continue to retain FMB as our main depository bank. However, all funds tied up in both banks are drawing one half of one percent interest.

- LAIF (Local Agency Investment Fund) is not a bank but an investment program specifically created for counties, cities and special districts in California to pool their reserves and earn a decent 3.5% interest.

OTHER INVESTMENT OPTIONS – OPTIMIZED INVESTMENT PARTNERS

District staff along with Director Wiersig have recently met with and are currently vetting this investment firm who can offer 4.5%. This would be based on taking everything in the LAIF fund plus most of our cash sitting in FMB and Sunwest (approx. total of \$700K) and providing a liquidity component, would allow us to continue bi-monthly operations expenses with no withdrawal penalties other than reducing the amount of working capital available.

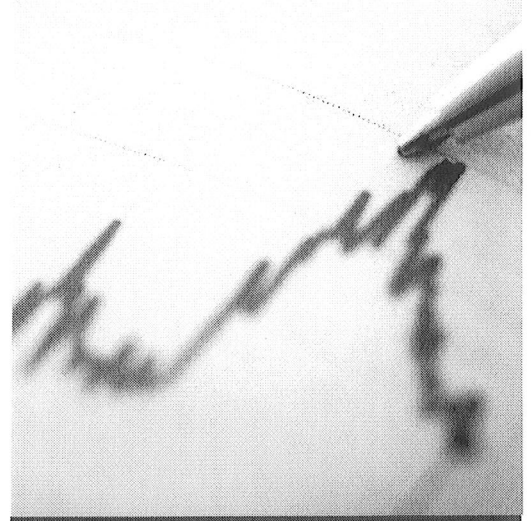
This firm feels they can achieve an annual return of up to \$40K. There is more to consider regarding this opportunity and staff would like to arrange a meeting sometime in January to further discuss the details and terms.



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