

CAPISTRANO BAY DISTRICT
AGENDA REPORT
January 30, 2024

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 proprietary payables management program that was already set up through Sunwest Bank and FMB did not use that program.

The District set up an account with FMB years ago making that bank our direct depository for property tax apportionments coming from the County Treasurer. There are local agency depository laws that FMB was willing 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 safe, free of risk 3.5% interest.

OTHER INVESTMENT OPTIONS – OPTIMIZED INVESTMENT PARTNERS

District staff along with Director Wiersig have recently met with 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 promise of liquidity, would allow us to continue bi-monthly operations expenses and one-day access to cash. The caveat here, however, is their \$5000 minimum annual fee.

In discussions with FMB, they can offer 3-month CD's at 4.0%. The advantage with FMB is that they already operate in compliance with the Local Agency Depository Law and to most banks and investment programs, this is an unknown quantity and the uncertainty causes indecision.