

CAPISTRANO BAY DISTRICT
AGENDA REPORT
May 29, 2025

Financial Reports

ITEM 9b

Offer by California Bank of Commerce

The District has been contacted by an agent representing California Bank of Commerce. Below are two email messages from Jerry Legg explaining their Money Market and CD programs.

March 17, 2025

Good afternoon, Donal,

I'm Jerry Legg and I am the Director of Public Sector Banking for California Bank of Commerce. I saw that your entity was a voluntary participant in the Orange County Investment Pool which was being discontinued. I also wanted to let you know about California Bank of Commerce and our Public Sector solutions in Orange County. First, a little about our bank in case you don't know us. California Bank of Commerce is headquartered in San Diego. We are a \$4 billion institution with 13 branches, two of which are in Irvine and Rancho Santa Margarita, and we are actively involved in CSDA (Platinum Affiliate) and ACWA.

Public Funds are managed by three principles in California – Safety, Liquidity and Yield. I'll add a 4th principle – Value.

- Safety – all your funds are 100% collateralized and/or FDIC insured at all times.
- Liquidity – you have access to your funds 24 hours a day/7 days a week.
- Yield – we match the most recently posted monthly LAIF rate and pay interest MONTHLY in stead of quarterly. **Current rate is 4.333%.**
- Value – we don't charge fees for our public sector banking.

As I mentioned, **California Bank of Commerce does not charge fees on our bank accounts or services for public entities.** I've attached a flyer for you, but the no fees policy includes checking and money market accounts, ACH, wire transfers, remote deposit capture (with free scanner) and positive pay for checks and ACH. We even provide the first order of checks for free.

There are only two documents needed to get accounts opened, a Contract for Deposit of Monies (required by law that mandates the bank collateralize funds at all times) and a Signature Letter to tell us the signers on the accounts. Note that the Signature Letter does NOT ask for social security numbers, mother's maiden name or home address. Public entities are exempt from CIP (Customer Information Program) and do NOT have to provide that information. Plus, public entities are subject to the Public Records Act.

If a signer were to give their personal data and that got leaked out as a result of a Public Records Act request, they could become a victim of identity theft. With our Signature Letter that only asks for driver's license number, issue date and expirations date, the signers are protected from identity theft. That data cannot be used to open any kind of credit or loans. Both documents are attached.

Finally, CBC matches the most recently posted monthly LAIF rate. The February rate was 4.333% and we will pay that rate until the March rate is posted by LAIF, usually around the 7th – 10th of the month. The rate is fixed for the month, and we pay interest on the last business day of the month. The latest rate sheet is also attached.

Keep in mind that **all funds are fully collateralized and FDIC insured**, unlike the investment pools which are **not insured** but credit rated. Clients have access to the bank funds 24/7 via online banking, they can write checks, send ACH or wire transfers to move funds. Our wire cutoff is 2:30pm, much later than LAIF (10:30am) or the investment pools (11:00am).

I'd really appreciate the opportunity to talk with you about our free banking and a 4.333% yield on our money market account. Please reach out to me via phone or email to schedule a time we can talk.

Thanks again and have a great week, Donal!

Jerry Legg, CTP

SVP – Director of Public Sector Banking

March 18, 2025

Hi Don,

Regarding CDs, we don't have good rates on them. Our main value-add for districts is matching the most recently posted LAIF rate. This is important in today's market for several reasons:

1. Rates are expected to be cut several times in 2025. Even with a 6 month CD, you wouldn't get the anticipated higher rate for long. Moreover, rates for 6 months are actually lower than 1 month or any other maturity less than 6 months.
2. Indexing to LAIF is critical because LAIF is a lagging indicator in the market. It's slow to catch up when rates rise, but it's also slow to fall when rates drop. So with today's environment, it provides the best option.
3. California Bank of Commerce matches LAIF's monthly rate because we pay interest monthly, while LAIF pays interest on the 15th day after quarter-end. Your money compounds three times with us before they pay you once.
4. Our money market account is FDIC insured and collateralized. Your money is safe. LAIF is not FDIC insured nor is it collateralized.
5. You have instant access to your funds in the bank while LAIF is only a same-day transaction if you notify them by 10:30am.

Just a few tidbits to respond to your question. 😊 If you are set on looking at CDs, I would recommend going to either www.bankrate.com. In looking at your latest audit report online (6/30/2023), it doesn't look as though the district has a ton of liquidity to invest into CDs without possibility putting constraints on availability of funds. We can talk more in April. If there is a better option than our money market account, I'll let you know. I've been in public finance in California for 30 years and my goal is to get the best deal for my clients and the districts throughout the state. Lastly, here's a link to the daily US Treasury rates: [Resource Center | U.S. Department of the Treasury](https://www.treasury.gov/resource-center/interest-rates/). Be sure to click on "Current Month" to get the most current rates. The daily rates are usually updated after 1pm each day.

Thanks again, Don. I look forward to meeting with you on zoom on April 8th. Take care,

Jerry Legg, CTP

SVP – Director of Public Sector Banking

Current Public MMA Rate

California Bank of Commerce (CBC) is offering a Public Money Market Account that matches the most recently posted monthly yield at the Local Agency Investment Fund (LAIF) at the State Treasurer's Office. While LAIF pays its apportionment on a quarterly basis on the 15th day after quarter end, CBC pays interest on a monthly basis on the last business day of the month. This means that your funds will compound three times before LAIF pays you once and your funds will be fully FDIC insured and/or collateralized at all times. LAIF is not FDIC insured or collateralized.

As of May 8th, 2025, **the current rate on the Public Money Market Account is 4.28%** and is based on the April 2025 yield posted on the LAIF website at the State Treasurer's Office. This rate will continue until the May 2025 rate is posted, which should occur around June 7th, 2025.

Interest is paid on a monthly basis on the last business day of the month.