

Meeting #727

CAPISTRANO BAY DISTRICT  
AGENDA REPORT  
*June 2, 2026*

---

*Financial*

## **ITEM 9b**

### Maximizing Interest Rates for District Reserves

It's possible the District can get a better interest rate on CD's or MMA's by considering other banking institutions.

A referral was recently provided to staff to talk with the financial agent at California Cooperative Liquid Assets Securities System (CLASS), or California CLASS.

This is a joint powers entity authorized under California Government Code Section 6509.7, very similar to the organizational structure of LAIF (Local Agency Investment Fund). The one big difference here is that California CLASS pays slightly higher interest rates on short to medium-term securities than either LAIF or Farmers & Merchants Bank where the District currently has a 180-day CD in place earning 3.48% on a deposit of a bit over \$600,000. California CLASS is advertising rates at 3.7%.

The catch here is that according to the Local Agency Deposit Security Law, that the District must comply with, a bank must collateralize deposits up to 110%, which some institutions are not willing to commit to. This is currently being examined and while there is no comment yet from California CLASS, we expect to have this determined by Board meeting time.

To be clear, there is no intent to drop our relationship with Farmers & Merchants Bank, which serves as the main depository for all revenue coming into the District. From here the District can move funds to other banks or institutions.