

**SANTA YNEZ COMMUNITY SERVICES DISTRICT
MEMORANDUM**

TO: Board of Directors
FROM: Loch Dreizler, General Manager
DATE: October 16, 2024
SUBJECT: Certificate of Deposit - Discuss and approve the alternatives for a Certificate of Deposit that was “called” early. Also, review and discuss our current CD portfolio.

Proposed Motion / Recommendation

Staff recommends reinvesting the Certificate of Deposit with the best market rate available from King Capital Advisors, which also should closely align with the District's CD Ladder.

Proposed Motion: Approve the District's Treasurer (General Manager) to reinvest the recently called Certificate of Deposit of approximately \$160,000 for a term and rate recommended by our advisor at King Capital.

Discussion

A callable certificate of deposit (CD) is a CD that the issuer can redeem before the CD matures. Callable CDs offer higher returns than regular CDs, but the issuer can "call" the CD or what amounts to taking it back.

The following six months' part of the ladder will likely be a 2-year CD for about \$160,000 with American Express Bank @ 3.70% for two years, non-callable. However, rates change daily, and this rate might not apply tomorrow.

Policy Implications

The District's Investment Policy 11-03 outlines our objectives when investing and managing District Funds:

1. Safeguard the principal.
2. Meet our liquidity needs.
3. When possible, achieve returns on our investments.

Fiscal Implications

For example, reinvesting a \$200,000 CD will earn the District approximately \$12,900 after 18 months at a 4.25% annual yield.

Note: Our advisor at King Capital has invested in our CDs, so they mature at staggered times; this approach balances the ups and downs of CD investing over time. This is called a CD Ladder and is further explained on the next page.

Attached:

District's Certificate of Deposit Investment Portfolio

Santa Ynez CSD Investment Portfolio

<u>Issuer</u>	<u>Type</u>	<u>Price</u>	<u>CPN</u>		<u>SIZE</u>	<u>YTM</u>	<u>MAT.</u>	<u>CASH FLOW</u>	<u>Call Feature</u>	<u>Settle Date</u>
Fidelity Govt MMKT	CASH	\$100.00	4.62%	\$	160,360	4.62%	DAILY	\$ 3,704.32	Non-Callable	N/A
US Bank NA-CALLED	CD	\$100.00	5.50%	\$	-	5.50%	12/3/2024	\$ -	NC6mo-MTLY	12/5/2023
First Foundation BK	CD	\$100.00	5.25%	\$	226,000	5.25%	5/29/2025	\$ 11,865.00	Non-Callable	11/29/2023
Bank of America	CD	\$100.00	5.30%	\$	150,000	5.30%	5/29/2025	\$ 7,950.00	Non-Callable	11/29/2023
Bank of Bird-in-Hand	CD	\$100.00	5.00%	\$	210,000	5.00%	10/27/2025	\$ 10,500.00	Non-Callable	4/26/2024
JP Morgan Chase Bank	CD	\$100.00	4.00%	\$	210,000	4.00%	3/30/2026	\$ 8,400.00	NC6mo-MTLY	9/30/2024
TOTALS & AVG.				\$	956,360	4.82%		\$ 42,419.32		

<u>Investment</u>	<u>Avg. Yield</u>	<u>Yr 1 - Cash Flow</u>
\$ 956,360	4.82%	\$ 42,419.32

**Disclosure Page**

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