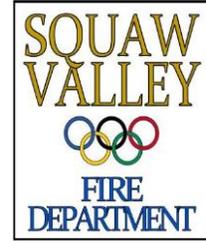




SQUAW VALLEY PUBLIC SERVICE DISTRICT



Purchase of Certificate of Deposit – Protective Securities

DATE: May 28th, 2019

TO: District Board Members

FROM: Danielle Grindle, Finance & Administration Manager

SUBJECT: Purchase Certificate of Deposit from Protective Securities, Inc.

BACKGROUND: Per the District's Investment Policy, "The District may enter into any contract with a depository relating to any deposit which in the Treasurer's judgment is to the public advantage". Staff performed a comparative analysis of investment options and determined higher interest rates can be realized with the purchase of a Certificate of Deposit (CD) compared with our current investment accounts administered and managed by Placer County.

The District considers investments based on, in order of importance, safety, liquidity and yield when choosing investment options. The safety of the recommended CD is considered low risk in addition to being fully insured by the Federal Deposit Insurance Corporation (FDIC). Secondly, the recommended CD carries no penalty fees if funds are withdrawn early. Lastly, the current interest rates for a five-year CD are 2.7% annually, whereas Placer County investment funds are currently yielding about 2.22% and the LAIF is 2.445% annually. The proposed CD purchase is in compliance with our investment policy. The investment policy prohibits investments in CDs in excess of thirty percent (30%) of the total of the District's reserve funds. The proposed \$250,000 CD, along with other CDs we've opened, for a total investment in CDs of \$750,000 is well below that limit.

DISCUSSION: The District would like to transfer funds in the amount of \$250,000 into a five-year CD. This CD is fully insured through the FDIC and considered a low risk exposure CD. In the event the District needed the funds before the maturity date, funds can be withdrawn without penalty. See below for examples of 5-year CDs.

Identifier	Description	Mdy's/S&P Ins (Underlying)	Maturity Coupon
38149MAS2	Goldman Sachs Bk USA CD 2.7%24, Survivor Option, Semi Cpn, FDIC#33124	N/A	5/29/2024 2.700
14042RLW9	Capital One Natl Assn VA CD 2.65%24, Survivor Option, Semi Cpn, FDIC#4297	FIS Rating (1-5): 3.02	5/30/2024 2.650
14042TAS6	Capital One Bank (USA) Nat CD 2.65%24, Survivor Option, Semi Cpn, FDIC#33954	FIS Rating (1-5): 2.33	5/30/2024 2.650

ALTERNATIVES: 1. Authorize staff to purchase a Certificate of Deposit for a five-year term in the amount of \$250,000 with Protective Securities, Inc.

2. Do not authorize staff to purchase the Certificate of Deposit.

FISCAL/RESOURCE IMPACTS: The source of funds is from capital funds that currently reside in Placer County investment accounts. Over a five-year term, we expect to earn \$33,750 in interest, with a portion paid annually from Protective Securities, Inc.

RECOMMENDATION: Authorize staff to purchase the Certificate of Deposit per the terms described.

ATTACHMENTS: None

DATE PREPARED: May 22nd, 2019