



April 26, 2018



TO: LOS OSOS CSD Board of Directors

FROM: Renee Osborne, General Manager

SUBJECT: **Agenda Item 11F – 5/3/2018 Board Meeting**
Adopt Resolution Establishing a Money Market Account at Pacific Premier Bank for the District Fire Reserves

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Louis G. Tornatzky
Christine M. Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

DESCRIPTION

Adopt a resolution to establish a Money Market Account at Pacific Premier Bank for all South Bay Fire Reserves.

STAFF RECOMMENDATION

This item will be approved along with the Consent Calendar unless it is pulled by a Director for separate consideration. If so, Staff recommends that the Board adopt the following motion:

Motion: I move that the Board approve Resolution 2018-06 establishing an account at Pacific Premier Bank for District Fire Reserves in the amount of \$1,561,305, to be transferred from the District's General Checking account.

DISCUSSION

Per the 2016-2017 Audit, the Auditors reviewed all reserve accounts and established end balances for the Water and Fire reserves (page 10 of audit attached).

Station 15 - South Bay staff has reviewed the document and agrees to the following established reserve balances ending June 30, 2017:

FIRE RESERVE FUNDS

General Contingency	\$ 83,676
Vehicle, Equipment, and Fire Engine Replacement	\$ 716,507
Capital Outlay	\$ 567,211
Public Facilities Fee	\$ 40,334
Fire Mitigation	\$ 153,577

Total Fire Fund Reserves \$1,561,305

Mailing Address:
P.O. Box 6064
Los Osos, CA 93412

Offices:
2122 9th Street, Suite 102
Los Osos, CA 93402

Phone: 805/528-9370
FAX: 805/528-9377

www.losososcsl.org

District Staff requests that these funds be moved to a Money Market Account where the funds can gain its own interest and better tracking of these specific reserves. The reserve amounts have been imputed into the District's accounting system (MIP), where a monthly balance sheet will be produced.

Expenditures will be done directly from the reserve account via wire transfers when purchasing large items. Small purchases will be done via the District operations/general checking account. A summary of expenditures and/or transfers regarding the Fire Reserve account will be submitted at the end of each fiscal year to the Board for review and approval.

SUMMARY

At the April 2nd FAC meeting, it was requested that the General Manager look further into LAIF (Local Agency Investment Fund). There was also the question of whether or not Pacific Premier Bank would be able to insure all of our funds.

Pacific Premier is willing to match LAIF, and add an additional 10 basis points. The bank has assured us that all public funds must be collateralized by State law. Our funds would be covered 110% by:
Securities and Treasuries
Mortgages Backed Securities
Letters of Credit

Pacific Premier **Monthly Interest:** 1.62%

In comparison, the Local Agency Investment Fund (**LAIF**) is backed by:
Treasuries
Agencies
Mortgages
Certificates of Deposit/Bank Notes
Time Deposits
Commercial Paper
Loans

LAIF **Monthly Interest:** 1.52%

STAFF RECOMMENDATION

After reviewing the two recommendations, Staff would like to proceed with Pacific Premier Bank. Pacific Premier Bank will allow transactions of any amount to any agency/business account for purchases. LAIF will only deposit into the District's bank account and only in 1,000's. Pacific's interest rate is .1% larger and the ease of working with the bank will help with operations and cleaner bookkeeping.

Attachments

RESOLUTION NO. 2018-06

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT
ESTABLISHING A MONEY MARKETING ACCOUNT
AT PACIFIC PREMIER BANK FOR DISTRICT FIRE RESERVES**

WHEREAS, Pacific Premier Bank (herein "Bank") will be designated as a depository for the funds held by Los Osos Community Services District South Bay Fire Department (herein "Fire"); and to provide other financial accommodations indicated in this resolution; and

WHEREAS, the Los Osos Community Services District (herein "District") Board finds that there is a need to create a separate savings account for the designated Fire reserve funds currently intermingled with all District reserve funds at Rabobank; and

WHEREAS, the 2016-2017 District Audit established a year-end balance of all District reserve funds; and

WHEREAS, the 2016-2017 District Audit found the total Fire Fund reserve balance to be \$1,561,305.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE LOS OSOS COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

1. To establish a new money marketing account at Pacific Premier Bank for the Fire Fund reserves.
2. \$1,561,305 will be transferred from the Los Osos Community Services District Rabobank general checking account to Pacific Premier Bank.

On the motion of Director _____, seconded by Director _____, and on the following roll call vote, to wit:

Ayes: _____

Nays: _____

Absent: _____

Conflicts: _____

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 3rd day of May 2018.

Vicki L. Milledge, President
LOCSB Board of Directors

ATTEST:

APPROVED AS TO FORM:

Renee Osborne
General Manager and Secretary to the Board

Roy A. Hanley
District Legal Counsel

Renee Osborne

From: Liz Summer <lsummer@ppbi.com>
Sent: Wednesday, April 25, 2018 4:45 PM
To: Renee Osborne
Cc: Phillip Sullivan
Subject: Money Market Interest Rate and Collateralization

Good afternoon Renee,

I want to recap what we discussed this afternoon. If you deposit your reserves into a Pacific Premier Money Market (\$1,000,000 or more) the interest rate will be the monthly LAIF Pima rate plus 10 basis points (.10%). For example, the March LAIF PIMA rate is 1.52 so the rate we will have is 1.62. There is also a LAIF monthly apportionment rate which is what you receive when your funds are on deposit with LAIF. That is an average of the three months in a quarter and that is the quarterly rate paid for the following three months. I left you the LAIF charts that show the quarterly verses the monthly PIMA which is greater than the quarterly rate.

Also, regarding collateralization, PPB will pledge securities and/or Letters of credit in the name of the District at 110% of what the District has on deposit with the bank. It is not an insurance policy like FDIC. These are securities owned by the bank or letters of credit obtained by the bank in the name of the District that are held in an account at another banking institution in the name of the District. We follow the California statutes outlining public funds deposits.

As soon as I receive an example of the securities we would be pledging, I will forward that to you.

Thank you so much,
Liz

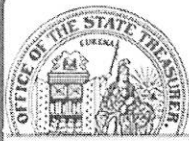
Liz Summer | 1st VP/Sr. Client Relationship Manager
1144 Morro Street, San Luis Obispo, CA 93401
Direct: (805) 269-4138 | Mobile: (805) 440-4016
lsummer@ppbi.com
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PACIFIC PREMIER BANK

5-Star Rating from BauerFinancial • Fortune's 100 Fastest-Growing Companies – 2017 • "Sm-All Star" - Sandler O'Neill + Partners 2016

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POOLED MONEY INVESTMENT ACCOUNT

PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.340	0.324	0.326
2013	0.300	0.288	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.260	0.246	0.261	0.261	0.267
2015	0.262	0.266	0.278	0.283	0.290	0.299	0.320	0.330	0.337	0.357	0.374	0.400
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588	0.614	0.634	0.654	0.678	0.719
2017	0.751	0.777	0.821	0.884	0.925	0.978	1.051	1.084	1.111	1.143	1.172	1.239
2018	1.350	1.412	1.524									



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LOCAL AGENCY INVESTMENT FUND

Quarterly Apportionment Rates

	March	June	September	December
1977	5.68	5.78	5.84	6.45
1978	6.97	7.35	7.86	8.32
1979	8.81	9.10	9.26	10.06
1980	11.11	11.54	10.01	10.47
1981	11.23	11.68	12.40	11.91
1982	11.82	11.99	11.74	10.71
1983	9.87	9.64	10.04	10.18
1984	10.32	10.88	11.53	11.41
1985	10.32	9.98	9.54	9.43
1986	9.09	8.39	7.81	7.48
1987	7.24	7.21	7.54	7.97
1988	8.01	7.87	8.20	8.45
1989	8.76	9.13	8.87	8.68
1990	8.52	8.50	8.39	8.27
1991	7.97	7.38	7.00	6.52
1992	5.87	5.45	4.97	4.67
1993	4.64	4.51	4.44	4.36
1994	4.25	4.45	4.96	5.37
1995	5.76	5.98	5.89	5.76
1996	5.62	5.52	5.57	5.58
1997	5.56	5.63	5.68	5.71
1998	5.70	5.66	5.64	5.46
1999	5.19	5.08	5.21	5.49
2000	5.80	6.18	6.47	6.52
2001	6.16	5.32	4.47	3.52
2002	2.96	2.75	2.63	2.31
2003	1.98	1.77	1.63	1.56
2004	1.47	1.44	1.67	2.00
2005	2.38	2.85	3.18	3.63
2006	4.03	4.53	4.93	5.11
2007	5.17	5.23	5.24	4.96
2008	4.18	3.11	2.77	2.54
2009	1.91	1.51	0.90	0.60
2010	0.56	0.56	0.51	0.46
2011	0.51	0.48	0.38	0.38
2012	0.38	0.36	0.35	0.32
2013	0.28	0.24	0.26	0.26
2014	0.23	0.22	0.24	0.25
2015	0.26	0.28	0.32	0.37
2016	0.46	0.55	0.60	0.68
2017	0.78	0.92	1.07	1.20
2018	1.51			



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LOCAL AGENCY INVESTMENT FUND

Procedures for LAIF Transactions

- Office hours: 7:30 a.m. to 4:00 p.m.
- For same day transaction, please call LAIF by 10:00 a.m.
- Transaction calls received after 10:00 a.m. will be for the next business day
- Maximum 15 transactions (combination of deposits and withdrawals) per month
- Minimum transaction amount \$5,000, in increments of a thousand dollars
- For cash flow purposes, please provide LAIF at least 24 hours advance notice for withdrawals of \$10 million or more
- Transactions may be requested 10 calendar days in advance of effective date
- Prior to the funds transfer an authorized person must call LAIF to do a verbal transaction
- Please make telephone calls which pertain to account activities and/or general information after 10:00 a.m. so our lines will be available for daily transactions

The authorized official or trustee must notify LAIF by telephone at (916) 653-3001 and provide the following information:

Deposits	Withdrawals								
<ul style="list-style-type: none"> • LAIF PIN Number • Name of Agency • Name of Caller • Transfer Date • Deposit Amount • Bank Name 	<ul style="list-style-type: none"> • LAIF PIN Number • Name of Agency • Name of Caller • Transfer Date • Withdrawal Amount • Bank Name and Account Number 								
Confirmation number will be provided after LAIF staff enters the transaction.	Confirmation number will be provided after LAIF staff enters the transaction.								
<p>After calling LAIF, agency needs (to instruct its bank) to transfer funds to one of the following LAIF depository banks.</p> <table border="0"> <tr> <td>Bank of America</td> <td>MUFG Union Bank</td> </tr> <tr> <td>Bank of the West</td> <td>U.S. Bank</td> </tr> <tr> <td>Citibank, N.A.</td> <td>Wells Fargo Bank</td> </tr> <tr> <td>JPMorgan Chase</td> <td>Westamerica Bank</td> </tr> </table>	Bank of America	MUFG Union Bank	Bank of the West	U.S. Bank	Citibank, N.A.	Wells Fargo Bank	JPMorgan Chase	Westamerica Bank	Transfer will be processed only through bank account(s) authorized by the agency in writing and currently on file with LAIF. The bank account(s) must be in the agency's name.
Bank of America	MUFG Union Bank								
Bank of the West	U.S. Bank								
Citibank, N.A.	Wells Fargo Bank								
JPMorgan Chase	Westamerica Bank								
<p>LAIF participants should keep a record of the following: name of the LAIF staff who took the deposit or withdrawal, the date and the time phone call was made, the effective date of the transaction, the LAIF confirmation number and the name of the agency's bank representative that executed the transfer.</p>									