



March 26, 2018

TO: Los Osos Board of Directors

FROM: Renee Osborne, General Manager

SUBJECT: Agenda Item 11G – 3/01/2018 Board Meeting
Adopt Resolution to Establish Bank Account at Pacific Premier Bank for District Fire Reserves

President
Vicki L. Milledge

Vice President
Marshall E. Ochylski

Directors
Charles L. Cesena
Louis G. Tornatzky
Vacant

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
Greg Alex

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.losososcsd.org

DESCRIPTION

Adopt a resolution to establish a Money Marketing Account at Pacific Premier Bank for all District 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 adopt 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).

Fire 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

District Staff requests that these funds be moved to a Money Marketing Account where the funds can gain their 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 for 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.

This item was reviewed at the April 2nd Finance Advisory Committee meeting and a verbal summary of that discussion and recommendation will be provided during Agenda Item 9J.

FINANCIAL IMPACT

Three banks were contacted in order to find the highest interest rate with the lowest monthly/account charges. Attached is the information submitted by Rabobank, Chase Bank and Premier Pacific Bank.

	Monthly Interest	Monthly Charges
Rabobank	.16% (variable rate)	No monthly fees, some analytical fees
Chase	.09%	No monthly fees
Premier	.30%	No monthly fees

Currently the District's general checking account has \$2,593,412.55. The \$1,561,305 would be transferred from the District's general checking account to the Pacific Premier Bank account. Transferring the money from the District's checking account will not financially penalize the District's account other than a wire transfer charge from Rabobank.

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 5th day of April 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

**Los Osos Community Services District
Management Discussion and Analysis**

Fire and Water Fund Reserves

The District maintains cash reserves in the Fire and Water Funds for various purposes as budgeted annually by the Board of Directors. The reserve balances in each fund are as follows:

Fire Fund:	
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	<u>\$ 1,561,305</u>
Water Fund:	
General Contingency	\$ 258,783
Capital Outlay	521,423
Vehicle and Equipment Replacement	12,042
Water Quality	91,517
Water Stabalization	256,856
Basin Management	50,031
Water Conservation	59,288
Total Water Fund Reserves	<u>\$ 1,249,940</u>

Significant Events or Disclosures

Through collaboration between the Finance Advisory and Utility Advisory Committees, and an Ad-Hoc group, the District performed a Water Rate Study which was adopted by the Board in March 2017. The Plan evaluated the various revenue requirements of the District including significant capital improvements and dealing with reduced water consumption. The Rate Plan detailed the need for the District to increase water rates significantly over the next three years to cover the cost of compliance with the Los Osos Groundwater Basin Stipulated Judgment and its resulting Groundwater Basin Management Plan. Resolution 2017-11 amended the District's Reserve Policies relating to the Water Enterprise Fund and also revised administrative and property tax allocations for future Water Fund budgets. The first of three annual water rate increases took effect July 1, 2017.

More information about the District, its financial condition, policies, governance and management is available on the District website at www.losososcsd.org.

Sincerely,


Renee Osborne
General Manager

From: Phillip Sullivan [mailto:psullivan@ppbi.com]
Sent: Tuesday, February 13, 2018 4:18 PM
To: Renee Osborne <rosborne@losososcsd.org>
Subject: Money Market interest

I'll make sure the account doesn't see a fee while it's here – we can also match another bank's rate if it's higher as long as it's in our market area.

Business Money Market Account		
Daily Balance to Earn APY	Interest Rate	APY
\$0.01 - \$9,999.99	0.05%	0.05%
\$10,000 - \$199,999.99	0.10%	0.10%
\$200,000 - \$999,999.99	0.25%	0.25%
\$1,000,000 - \$2,000,000	0.30%	0.30%
Over \$2,000,000	0.30%	0.30%

Minimum opening deposit is \$50.00

Phillip Sullivan | VP / Premier Banking Manager
2255 Main Street, Cambria, CA 93428
Direct: (805) 369-5224 | Mobile: (805) 440-8805
www.ppbi.com
[LinkedIn](#)

Schedule of Fees and Minimum Balances

Rabobank, N.A.

Effective October 10, 2017

Changes



Rabobank

(continued from reverse)

Gold Business Rewards Checking with Interest

Maintenance fee (per statement cycle).....\$22.00
 Maintenance fee reimbursement for accounts with
 an average collected balance of \$10,000..... \$22.00 credit
 Maintenance fee reimbursement for accounts
 with an average combined monthly balance
 of \$16,000*\$22.00 credit
 Enroll and use the appropriate number of
 qualified products and services*\$22.00 credit
 Excessive transactional item fee \$0.40/item
 Excessive cash deposit fee\$0.20 per \$100 deposited

Platinum Business Rewards Checking with Interest

Maintenance fee (per statement cycle).....\$38.00
 Maintenance fee reimbursement for accounts with
 an average collected balance of \$25,000..... \$38.00 credit
 Maintenance fee reimbursement for accounts
 with an average combined monthly balance
 of \$75,000*\$38.00 credit
 Enroll and use the appropriate number of
 qualified products and services*\$38.00 credit
 Excessive transactional item fee \$0.40/item
 Excessive cash deposit fee\$0.20 per \$100 deposited

*** Applies only to primary accounts. See Business Rewards Banking Customer Guide for details.**

Commercial Checking (Analyzed)

Maintenance fee (per statement cycle)..... \$18.00
 Privately owned ATM maintenance fee
 (per statement cycle).....\$195.00
 For the full Commercial Checking schedule of fees, please
 visit www.rabobankamerica.com/treasuryfees

~~Business Investment Money Market~~

Maintenance fee (per statement cycle)..... \$25.00
 *Maintenance fee for accounts with an average
 collected balance of \$50,000..... No charge
 Excessive debit item fee (per statement cycle) \$20.00

month

*Business Money Market

Maintenance fee (per statement cycle)..... \$12.00
 Maintenance fee for accounts with an average
 collected balance of \$3,000..... No charge
 Excessive debit item fee (per statement cycle) \$20.00

Business Savings

Maintenance fee (per quarter) \$12.00
 Maintenance fee for accounts with an average
 collected balance of \$500..... No charge
 Excessive debit item fee\$3.00/item

Minimum to Open a CD: \$2,500

Promotional rate good for the initial term only. CD automatically renews for the same term at the regular, non-promotional rate published in the Summary of Deposit Rates Offered on the renewal date. See additional disclosures below.



Business Rewards Banking Increased APY¹

Primary Gold Business Rewards:APY + 0.05% | **Primary Platinum Business Rewards:APY + 0.10%**

Count on your local banker to help you choose the right accounts to meet your financial goals and situation.

Variable Rate Products



Business Investment Money Market †

Amount	Annual Percentage Yield / Interest Rate†
Less than \$10,000	0.05%/0.05%
\$10,000 - \$24,999.99	0.07%/0.07%
\$25,000 - \$49,999.99	0.10%/0.10%
\$50,000 - \$99,999.99	0.15%/0.15%
\$100,000 - \$499,999.99	0.16%/0.16%

\$500,000 - \$999,999.99 0.16%/0.16%



\$1,000,000 - \$2,499,999.99 0.16%/0.16%

Variable rate

\$2,500,000 - \$4,999,999.99 0.16%/0.16%

\$5,000,000 or more 0.16%/0.16%

Business Money Market¹

Amount

Annual Percentage Yield / Interest Rate[†]

Less than \$10,000 0.04%/0.04%

\$10,000 - \$24,999.99 0.06%/0.06%

\$25,000 - \$49,999.99 0.08%/0.08%

\$50,000 - \$99,999.99 0.11%/0.11%

\$100,000 - \$499,999.99 0.12%/0.12%

\$500,000 - \$999,999.99 0.12%/0.12%



\$1,000,000 - \$2,499,999.99 0.12%/0.12%

\$2,500,000 - \$4,999,999.99 0.12%/0.12%

\$5,000,000 or more 0.12%/0.12%

Consumer Deposit Rates



EFFECTIVE DATE: Friday, February 16, 2018

We use two terms to explain how much interest we pay on your Chase deposit accounts.

- **Interest Rate** is the annualized percentage rate we pay you on your account, and does not reflect compound interest, which is any interest paid on the interest you've already earned.
- **Annual Percentage Yield (APY)** is the annualized percentage rate we pay you on your account, and includes compound interest. The APY may be higher than the Interest Rate due to compound interest.

CHECKING ACCOUNTS & SAVINGS ACCOUNTS

Checking and Savings interest is compounded and paid monthly.

Chase Premier Platinum Checking SM			Chase Premier Plus Checking SM		
Balance	Interest Rate	APY	Balance	Interest Rate	APY
\$0-\$24,999	0.01%	0.01%	\$0-\$4,999	0.01%	0.01%
\$25,000-\$49,999	0.01%	0.01%	\$5,000-\$9,999	0.01%	0.01%
\$50,000+	0.01%	0.01%	\$10,000-\$24,999	0.01%	0.01%
			\$25,000+	0.01%	0.01%

Chase Premier Savings SM			Chase Savings SM		
To earn relationship rates your Chase Premier Savings needs to be linked to either a Chase Premier Plus Checking or Chase Premier Platinum Checking account with at least five customer-initiated transactions each monthly statement period.			Balance	Interest Rate	APY
			All Your Balances	0.01%	0.01%

Balance	RELATIONSHIP RATES		STANDARD RATES	
	Interest Rate	APY	Interest Rate	APY
\$0-\$9,999	0.04%	0.04%	0.01%	0.01%
\$10,000-\$24,999	0.04%	0.04%	0.01%	0.01%
\$25,000-\$49,999	0.04%	0.04%	0.01%	0.01%
\$50,000-\$99,999	0.07%	0.07%	0.01%	0.01%
\$100,000-\$249,999	0.07%	0.07%	0.01%	0.01%
\$250,000-\$499,999	0.09%	0.09%	0.01%	0.01%
\$500,000-\$999,999	0.09%	0.09%	0.01%	0.01%
\$1,000,000-\$4,999,999	0.09%	0.09%	0.01%	0.01%
\$5,000,000-\$9,999,999	0.09%	0.09%	0.01%	0.01%
\$10,000,000+ ¹	0.09%	0.09%	0.01%	0.01%

¹At Chase's discretion, savings accounts with aggregated balances of \$10,000,000 or more may be converted to a JPMorgan Private Client Savings Account or similar account. Converted savings accounts may earn a lower interest rate and APY.

CERTIFICATES OF DEPOSIT (CD) & RETIREMENT CDs (featured CD terms highlighted in the chart below)

CD and Retirement CD relationship rates are available to customers with a linked Chase personal checking account. We no longer offer new Retirement CDs; however, existing accounts may renew at the rates below. Interest is compounded daily and you may choose, depending on the term, to have your CD interest paid monthly, quarterly, semi-annually or annually and at maturity. The APY is based upon the maximum term of deposit for each maturity range. There is a penalty for early withdrawal.

Featured Terms	RELATIONSHIP RATES						STANDARD RATES	
	\$1,000-\$9,999		\$10,000-\$99,999		\$100,000+		\$1,000+	
	Interest Rate	APY	Interest Rate	APY	Interest Rate	APY	Interest Rate	APY
(Months)								
18 - 20	0.15%	0.15%	0.25%	0.25%	0.30%	0.30%	0.05%	0.05%
36 - 41	0.40%	0.40%	0.60%	0.60%	0.65%	0.65%	0.05%	0.05%
120	1.15%	1.16%	1.25%	1.26%	1.29%	1.30%	0.70%	0.70%

Other Terms	RELATIONSHIP RATES						STANDARD RATES	
	\$1,000-\$9,999		\$10,000-\$99,999		\$100,000+		\$1,000+	
	Interest Rate	APY	Interest Rate	APY	Interest Rate	APY	Interest Rate	APY
(Months)								
1 (31 days)	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%
2	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%
3 - 5	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%
6 - 8	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%
9 - 11	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%
12 - 14	0.02%	0.02%	0.02%	0.02%	0.05%	0.05%	0.01%	0.01%
15 - 17	0.05%	0.05%	0.15%	0.15%	0.20%	0.20%	0.01%	0.01%
21 - 23	0.15%	0.15%	0.25%	0.25%	0.30%	0.30%	0.05%	0.05%
24 - 29	0.15%	0.15%	0.25%	0.25%	0.30%	0.30%	0.05%	0.05%
30 - 35	0.15%	0.15%	0.25%	0.25%	0.30%	0.30%	0.05%	0.05%
42 - 47	0.40%	0.40%	0.60%	0.60%	0.65%	0.65%	0.10%	0.10%
48 - 59	0.50%	0.50%	0.70%	0.70%	0.75%	0.75%	0.10%	0.10%
60 - 83	0.60%	0.60%	0.80%	0.80%	0.85%	0.85%	0.25%	0.25%
84 - 119	0.60%	0.60%	0.80%	0.80%	0.85%	0.85%	0.25%	0.25%

A copy of Chase's Deposit Account Agreement is available upon request. Fees could reduce earnings. Rates and balance tiers for checking, savings, CDs and Retirement CDs are applicable as of the Effective Date, may change at Chase's discretion, and are available only for accounts opened in branches located in the following cities or regions:

California - Northern

SAVINGS AND CDs

Make the most of your banking relationship

└ CHASE BUSINESS TOTAL SAVINGS

For businesses with lower savings balances, just starting a savings plan, or using savings as Overdraft Protection

- No Monthly Service Fee with a \$1,000 average ledger balance or when linked to Chase Total Business Checking (otherwise \$10)
- 15 monthly deposited items at no charge
- Up to \$5,000 in monthly cash deposits per statement cycle at no charge
- Can be linked to a business debit card, associate card or employee deposit card
- Does not allow for outgoing domestic or international wires

* CHASE BUSINESS PREMIER SAVINGS

For businesses with higher savings balances looking to maximize earnings or save for future expansion

- No Monthly Service Fee with a \$25,000 average ledger balance or when linked to Chase Performance, Platinum or Analysis Business Checking
- 30 monthly deposited items at no charge
- Up to \$10,000 in monthly cash deposits per statement cycle at no charge
- Higher relationship savings rates available
- Does not allow for outgoing domestic or international wires
- Automatic Savings Transfer available

AUTOMATIC SAVINGS TRANSFER

A convenient way to maximize savings for future opportunities

- Simply set the target balance you want in your business checking account, and any balances over that amount will be automatically moved into your Chase Business Premier Savings account each business day
- There is no fee for the service and you can move money back into your business checking account anytime if needed

CERTIFICATES OF DEPOSIT

Certificates of Deposit (CDs) are a great way to earn a guaranteed interest rate, while at the same time keeping your dollars FDIC insured up to the maximum limit allowed by law. If you are able to commit funds for a specified period of time, you can enjoy higher fixed interest rates and the security of FDIC-insured savings. Your Business Specialist can help you determine the optimal mix of short- and long-term CDs to meet your specific needs.