



OLYMPIC VALLEY PUBLIC SERVICE DISTRICT



EXHIBIT F-10
2 Pages

Purchase of Certificate of Deposit – Protective Securities

DATE: January 28, 2025

TO: District Board Members

FROM: Danielle Mueller, Finance & Administration Manager

SUBJECT: Reinvest 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 conducted a comparative analysis of investment options and determined higher interest rates can be realized with the purchase of a Certificate of Deposit (CD) compared to our current investment accounts administered and managed by Placer County.

The District currently holds five CDs with Protective Securities, each worth approximately \$250,000, and earning interest ranging from 3.05% to 4.85% annually. Each CD has a 5-year maturity, and one of these CDs will mature in February 2025. Staff propose reinvesting this CD into a new 5-year option.

In evaluating investment opportunities, The District prioritizes **safety, liquidity and yield:**

1. **Safety:** The recommended CD is low risk and fully insured by the Federal Deposit Insurance Corporation (FDIC).
2. **Liquidity:** The CD carries no penalty fees for early withdrawal.
3. **Yield:** The expiring CD's interest rate is 4.85%, while the new CD is expected to yield 4.45%. By comparison, Placer County investment funds are currently yielding 3.86% and the Local Area Investment Fund (LAIF) is yielding 4.43%.

Additionally, the proposed CD complies with the District's investment policy, which prohibits investments of idle funds exceeding thirty percent (30%) of total funds. The proposed \$249,000 CD, along with other CDs and 115 Trusts held, for a total investment of \$1,903,000, is well below that limit.

DISCUSSION: Staff recommends transferring \$249,000 from the maturing CD into new 5-year CD with Protective Securities, Inc. The proposed CD is fully insured through the

FDIC and considered a low-risk investment. In the event the District needed the funds before the maturity date, funds can be withdrawn without penalty.

Below is an example of the 5-year CD to be purchased.

CUSIP Asset	Mdy/S&P Underlying	Issue Description	Coupon	Maturity Next Call
38150VM22 CD Px Hist	FedFIS 2.06	Goldman Sachs Bank Usa <i>Death Put GS Semi-Annual Pay</i>	4.150%	01/28/2030

- ALTERNATIVES:**
1. Authorize staff to transfer funds from a maturing CD into a new CD for a five-year term in the amount of \$249,000 with Protective Securities, Inc.
 2. Do not authorize staff to purchase the Certificate of Deposit.

FISCAL/RESOURCE IMPACTS: The source of funds is from cash currently residing in Protective Securities accounts. Over a five-year term, the District expect to earn \$51,668 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: January 21, 2025