SANTA YNEZ COMMUNITY SERVICES DISTRICT
MEMORANDUM

TO: Board of Directors

FROM: Alexandra Griffith, General Manager

DATE: September 16, 2026

SUBJECT: Authorization to Reinvest Maturing Certificate of Deposit and Invest Additional Funds in Certificates of Deposit

Recommendation:
District staff and the Finance Committee recommend reinvesting the proceeds from the Certificate of Deposit ("CD") maturing on October 23, 2026, into a new brokered CD. Staff and the Finance Committee also recommend investing an additional $300,000 from available Enterprise Fund reserves into two brokered CDs of equal value to maximize returns while maintaining liquidity and adherence to the District's Investment Policy.

Proposed Motion:
Authorize the District Treasurer/General Manager to reinvest the proceeds of the CD maturing on October 23, 2026, and invest an additional $300,000 in two brokered Certificates of Deposit, selecting the terms and interest rates that provide the best value to the District at the time of purchase, consistent with the District's Investment Policy.

Policy Implications:
Resolution No. 11-03, the District's Investment Policy, establishes the following investment objectives:

1. Preserve and safeguard the principal.
2. Maintain sufficient liquidity to meet operational needs.
3. Achieve a reasonable rate of return consistent with public agency investment policies.

Fiscal Implications:
Current brokered CD rates are approximately 4.20% to 4.60%, compared to 3.84% earned in the District's money market account. Based on current rates, reinvesting the maturing CD and investing an additional $300,000 would generate more in annual interest earnings than maintaining equivalent funds in the money market account.

All proposed investments will be purchased through approved brokerage institutions and will comply with the District's Investment Policy and applicable California Government Code investment requirements.

Alternatives Considered:

Alternatives considered included maintaining the funds in the District's money market account. Staff determined that brokered CDs currently provide a more favorable return while still providing safety and liquidity.

Discussion:

Resolution No. 11-03 directs the District to invest idle funds in a manner that preserves principal, maintains adequate liquidity, and generates a reasonable return. Staff regularly monitor investment opportunities and current market conditions in consultation with the District's investment advisor.

Current brokered CD rates continue to exceed the yield available through the District's money market account. In addition, the District maintains sufficient operating reserves and cash balances to meet projected expenditures and liquidity needs.

Reinvesting the maturing CD and investing an additional $300,000 of available Enterprise Fund reserves would allow the District to enhance interest earnings while remaining consistent with the objectives and requirements of the District's Investment Policy.

Attachments:

1. Current CD Investment Portfolio
2. Resolution No. 11-03

7/31/26

Santa Ynez CSD Investment Portfolio

Issuer	Type	Price	CPN	SIZE	YTM	MAT.	CASH FLOW	Call Feature	Settle Date
Fidelity Govt MMKT	CASH	$1.00	3.35%	$ -	3.35%	DAILY	$ -		
Insured Bank Program	CASH	$1.00	0.02%	$ 3,137	0.02%	DAILY	$ 0.31		
American Express Bk	CD	$100.00	3.90%	$ 160,000	3.90%	10/23/2026	$ 6,240.00	Non-Callable	10/23/2024
Goldman Sachs Bank	CD	$100.00	3.80%	$ 245,000	3.80%	3/24/2028	$ 9,310.00	Non-Callable	3/24/2026
Morgan Statnley Private BK	CD	$100.00	3.90%	$ 245,000	3.90%	3/26/2029	$ 9,555.00	Non-Callable	3/25/2026
Morgan Stanley Bank NA	CD	$100.00	4.00%	$ 245,000	4.00%	3/25/2030	$ 9,800.00	Non-Callable	3/25/2026
JP Morgan Chase Bank	CD	$100.00	4.00%	$ 240,000	4.00%	3/26/2031	$ 9,600.00	NC3yr-1x Only	3/26/2026
TOTALS & AVG.				**$ 1,138,137**	**3.91%**		**$ 44,505.31**		

Investment	Avg. Yield	Yr 1 - Cash Flow
$ 1,138,137	3.91%	$ 44,505.31

KING
CAPITAL ADVISORS

RESOLUTION NO. 11-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA YNEZ COMMUNITY SERVICES DISTRICT AMENDING STATEMENT OF INVESTMENT POLICY

WHEREAS, California Government Code Section 53646 requires the Board of Directors of the Santa Ynez Community Services District (the "District") to annually consider a statement of investment policy relating to the investment of District funds.

WHEREAS, on February 18, 2004, the Board of Directors of the District adopted Resolution No. 04-05 approving a statement of investment policy pursuant to California Government Code Section 53646.

WHEREAS, the Board of Directors of the District desires to revise and update its statement of investment policy to reflect changes in the law since the adoption of Resolution No. 04-05.

NOW, THEREFORE, the Board of Directors of the District hereby approves the following statement of investment policy:

PURPOSE This Statement of Investment Policy is intended to provide guidelines for the prudent investment of the District's temporarily idle cash, and outline the policies for maximizing the efficiency of the District's cash management system. The ultimate goal is to enhance the economic status of the District while protecting its cash.

OBJECTIVE As set forth in Government Code Section 53600.5 when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the District's funds, the primary objective shall be to safeguard the principal of the funds. The secondary objective shall be to meet the liquidity needs of the District. The third objective shall be to achieve a return on the funds.

STANDARDS OF CARE The District operates its pooled idle cash investments under the "Prudent Investor Standard" which requires that:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the District's funds, the Board shall act with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District."

Within the limitations set forth above, and considering individual investments as part of an overall strategy, the Board is authorized to acquire investments as authorized by law and by this Statement of Investment Policy

AUTHORIZED INVESTMENTS All funds of the District shall be invested in compliance with Government Code Section 53600 through 53686. The District shall make only those investments authorized under Governments Code Sections 53601, 53601.8, 53635, 53635.8, 53684 and 16429.1, as said sections may be amended from time to time, subject to the limitations and requirements set forth therein. The District shall not make any of the prohibited investments specified under Government Code Sections 53601.6, as said sections may be amended from time to time.

AUTHORIZED INVESTMENT OFFICERS Idle cash management and investment transactions are the responsibility of the Treasurer. The Board of Directors has authorized the following officials to undertake investment transactions, including deposits and withdrawals, on behalf of the District:

- District Treasurer
- General Manager

INVESTMENT PROCEDURES The authorized investment officers as stated above, in accordance with the District's Investment Policy, are responsible for administering an investment program which:

- Adheres to the Statement of Investment Policy
- Prioritizes safety and liquidity
- Determines risk and optimizes return
- Provides for a system of due diligence in making investment decisions

QUARTERLY REPORTS The Treasurer shall render quarterly reports to the District's Board of Directors. Each quarterly report shall be submitted within 30 days following the end of the quarter covered by the report. The quarterly report shall state compliance of the portfolio with this statement of investment policy, or the manner in which the portfolio is not in compliance. The quarterly report shall include whatever additional information or data may be required by the District's Board of Directors.

ANNUAL REVIEW The Treasurer shall annually render to the District's Board of Directors a statement of investment policy, which the Board of Directors shall consider at a public meeting. Any changes in the policy shall also be considered by the Board of Directors at a public meeting.

REPEAL OF RESOLUTION NO. 04-05 Resolution No. 04-05 adopted on February 18, 2004 setting forth a Statement Of Investment Policy is hereby repealed in its entirety and is replaced with the Statement Of Investment Policy set forth herein.

PASSED AND ADOPTED on April 20, 2011 by the following vote of the Santa Ynez Community Services District Board of Directors:

AYES:
NOES:
ABSENT:

Daniel J. Beattie

Daniel Beattie, President

ATTEST:

Michelle McIntosh

Michelle McIntosh, Secretary