

WEST BASIN MUNICIPAL WATER DISTRICT**NOVEMBER 14, 2002 – Finance Committee**
Smith, Dear**NOVEMBER 25, 2002 – Board Meeting**

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Submitted by: Sharon Koike

Approved by: Darryl G. Miller

CONSENT CALENDAR

SMALL BANK INVESTMENT PROGRAMSUMMARY:

In August 2002, staff informed the Board that the "Certificate of Deposit" with Broadway Federal Bank was maturing on September 18, 2002, and informed the Board of the options available. At that time, Broadway Federal was not able to provide a quoted rate to renew the "Certificate of Deposit" that was acceptable to the District. The Board delegated authorization to the Finance Committee to accept an interest rate from Broadway Federal as long as it would be at a rate that was better than the Local Agency Investment Fund (LAIF), (currently at 2.49%). On September 20, 2002, staff contacted Broadway Federal Bank and was provided with the following three options:

1. Enter into a 1-year collateralized Certificate of Deposit at 2.30%;
2. Enter into a 2-year collateralized Certificate of Deposit at 3.00%; or
3. Enter into a 3-year collateralized Certificate of Deposit at 4.05%.

At the September 23, 2002 Board meeting, staff informed the Board of the three options noted above. The Board requested this item to be discussed at the Finance Committee meeting and to bring it to the next Board meeting for final approval. Staff contacted Broadway Federal on November 4, 2002 and was provided with the following three options:

1. Enter into a 1-year collateralized Certificate of Deposit at 2.05%;
2. Enter into a 2-year collateralized Certificate of Deposit at 2.75%; or
3. Enter into a 3-year collateralized Certificate of Deposit at 3.75%.

Because the "Certificate of Deposit" has already matured, these funds are in a Broadway Federal Bank savings account earning interest at 0.75%.

FISCAL IMPACTS:

The net impact of investing in Broadway Federal for the next 12-month period compared to investing in LAIF or another type of investment is based on an estimated difference in the interest earnings rate.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on November 14, 2002. At the August 26, 2002 Board meeting, the Board delegated the Finance Committee members to make a decision on how to handle the Broadway Federal investment. The Committee directed staff to withdraw the balance currently deposited in a Broadway Federal Savings account until the interest rate market stabilizes and reconsider the small investment program at a later date.

This item was agendized to the November 25, 2002 Board meeting Consent Calendar for full Board ratification.

RECOMMENDED MOTION:

That the Board ratifies the Finance Committee action to approve Option 4 below:

1. Enter into a 1-year collateralized Certificate of Deposit of 2.05%;
2. Enter into a 2-year collateralized Certificate of Deposit of 2.75%;
3. Enter into a 3-year collateralized Certificate of Deposit of 3.75%; or
4. Withdraw the balance currently deposited in a Broadway Federal Savings account until the interest rate market stabilizes and reconsider the small investment program at a later date.

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