

AGENDA

**INVESTMENT AND FINANCE COMMITTEE MEETING
LEUCADIA WASTEWATER DISTRICT**

June 5, 2019 – 1:30 PM
1960 La Costa Avenue, Carlsbad, CA 92009

1. **Call to Order**
2. **Roll Call**
3. **Public Comment**
4. **New Business**
 - A. Recommend that the Board of Directors authorize the General Manger to enter into an agreement with Multi-Bank Securities, Inc., to add them as an additional financial broker-dealer (Page 2)
5. **Information Items**

None.
6. **Directors' Comments**
7. **General Manager's Comments**
8. **Adjournment**

MEMORANDUM

DATE: May 31, 2019
TO: Investment and Finance Committee
FROM: Paul J. Bushee, General Manager 
SUBJECT: **Adding Multi-Bank Securities, Inc. (MBS) as an authorized financial broker-dealer.**

RECOMMENDATION:

Staff requests that the Investment and Finance committee (IFC) recommend that the Board of Directors:

1. Authorize the General Manger to execute an agreement with Multi-Bank Securities, Inc. (MBS) to add them as an additional authorized financial broker-dealer and provide fixed-income securities broker-dealer services.
2. Discuss and take other action as appropriate.

BACKGROUND & DISCUSSION:

The Leucadia Wastewater District (LWD) currently invests its reserve funds in three investment pools (LAIF, SD Pool, and CAMP Pool) and also utilizes an investment manager (PFM Company) to purchase authorized investments, such as US Treasuries, Federal Agency securities, Corporate Bonds, etc. LWD currently does not have any funds invested in FDIC insured Certificates of Deposit (CDs) and is unable to purchase them through PFM. LWD investment policy allows investments in insured CD's and, in the distant past, LWD had invested quite extensively in insured CDs directly thorough various banks and other financial institutions. FDIC insured CDs can be a low risk investment with competitive yields.

Today it is more common and convenient to purchase multiple CDs through certain registered broker-dealers. MBS is one such broker-dealer with an excellent on-line platform for researching, investing, and monitoring CDs, All CDs purchased through MBS would be held in a third-party custodial account in accordance with LWD's investment policy. LWD's Investment Policy allows the use of authorized financial dealers and institutions as long as certain requirements have been met such as; a review of the entity's credit worthiness, credit characteristics, and financial history; and insuring it's a member of the federally regulated securities exchange. Staff has performed these preliminary steps and has contacted four references who provided positive reviews of MBS. Staff is recommending that the IFC recommend to the Board of Directors to authorize the General Manger to sign an agreement with MBS to provide broker-dealer services for the purchasing of CDs.

rad:PJB