



Midpeninsula Regional  
Open Space District

R-11-70  
Meeting 11-17  
June 22, 2011

## **AGENDA ITEM 4**

### **AGENDA ITEM**

Authorization to Establish District Bank Account for the Hawthorns (Woods Trust) Fund at Luther Burbank Savings Bank and Authorization of District Signatories

### **DISTRICT CONTROLLER'S RECOMMENDATION**

Adopt the attached Resolution of the Board of Directors of the Midpeninsula Regional Open Space District authorizing the establishment a separate bank account for the Hawthorns (Woods Trust) Fund at Luther Burbank Savings Bank and the corresponding Financial Instrument Signatories

### **SUMMARY**

The Hawthorns (Woods Trust) gift is comprised of both real property located in Portola Valley and monetary assets. The most efficient and effective way to complete the transaction conveying the Hawthorns (Woods Trust) assets to the Midpeninsula Regional Open Space District (District) is to open a separate bank account for the monetary assets. This report provides the necessary authorizations to allow this account to be established and administered.

### **DISCUSSION**

The 78.71-acre Hawthorns (Woods Trust) property is located in the Town of Portola Valley between Alpine and Los Trancos Roads. On April 26, 2006, the District Board approved the property acquisition and authorized the General Manager to sign the donation agreement accepting the gift from the Woods Trust (see Report R-06-53).

The donor's estate plan specifies, in essence, that the trustees distribute the Portola Valley property and any remaining monetary assets to the District. The purpose of the monetary assets is to pay for the District's cost and expenses associated with the donated real property and improvements thereon. Approximately \$1,900,000 is expected to be transferred for this purpose.

Since the transfer of the gift is imminent, the District needs to put in place the appropriate financial structures to administer the gifted funds. The District Controller and staff recommend that the most efficient and effective way to administer the Hawthorns (Woods Trust) Fund in keeping with the donor's intent is to place the monies in a separate bank account. The

Hawthorns (Woods Trust) Fund will not be co-mingled with District funds, nor will expenditures appear in the District's budget. A separate Hawthorns (Woods Trust) Fund capital improvement and expenditure plan will be prepared for District Board review and approval at a later date.

For consistency, District policies will apply to the use of the Hawthorn (Woods Trust) Fund monies, including the Public Contract Bidding, Vendor and Professional Consultant Selection, and Purchasing Policy. The District's Rules of Procedure will apply to bank account administration, following the established protocol for financial instrument signatories.

In order to recommend the bank most suitable to hold the trust's cash account, District staff conducted research on banks with Bay Area offices. The bank which offers the highest interest rate on deposits, meets District Investment Guidelines and is convenient to District staff is Luther Burbank Savings Bank (Burbank). The bank is a 70 year old private bank, headquartered in Santa Rosa, with over \$3.5 billion in assets, consistently profitable operations, and a branch in Los Altos. The intention is to invest cash not needed in the next three months in Certificates of Deposits (CDs). Burbank's current "jumbo" CD rates are 0.7% for three months and 0.9% for six months. The Investment Guidelines do not allow investments, except for bond reserves, with maturities beyond six months.

### **FISCAL IMPACT**

There are no unbudgeted fiscal impacts associated with this item.

### **PUBLIC NOTICE**

Public Notice was provided as required by the Brown Act. No additional notice is required.

### **CEQA COMPLIANCE**

This proposed action is not a project under the California Environmental Quality Act (CEQA) and no environmental review is required.

### **NEXT STEP**

The next step is to complete the account application and signatory forms and provide them to the selected banking institution. The donated monetary assets will then be disbursed from the Woods Trust escrow directly to the District's Hawthorns property bank account.

Attachment:

1. Resolution

Prepared by:

Sandy Sommer, Senior Real Property Planner  
Michael Foster, Controller  
Lynn Tottori, Senior Management Analyst  
Anna Duong, Deputy District Clerk

Contact person:

Sandy Sommer, Senior Real Property Planner

**RESOLUTION NO. 11-XX**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
MIDPENINSULA REGIONAL OPEN SPACE DISTRICT  
AUTHORIZING THE OPENING OF A HAWTHORNS (WOODS  
TRUST) FUND BANK ACCOUNT AT LUTHER BURBANK SAVINGS  
BANK AND ESTABLISHING FINANCIAL INSTRUMENT  
SIGNATORIES**

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The Board of Directors of the Midpeninsula Regional Open Space District does resolve as follows:

**WHEREAS**, the Midpeninsula Regional Open Space District's Statement of Investment Policy, dated January 12, 2011 (R-11-11), establishes policy and procedures for District's investments and delegates certain responsibilities for such investments to the District Controller; and,

**WHEREAS**, Section 2.40 of the Rules of Procedure (required by Public Resources Code, Division 5, Chapter 3, Article 3, Section 5536) of the Board of Directors of the Midpeninsula Regional Open Space District authorizes signatories to make disbursements on behalf of the District.

**NOW, THEREFORE**, the Board of Directors of the Midpeninsula Regional Open Space District does hereby resolve as follows:

1. The District Controller is authorized to open a bank account at Luther Burbank Savings Bank for the Hawthorns (Woods Trust) Fund. The General Manager is further authorized to sign any applications or other related documents as necessary or appropriate for this purpose.
2. Per Section 2.40 of the Rules of Procedures: The signatories shall be the present holders of said offices as follows, and Luther Burbank Savings Bank is authorized to make disbursements on behalf of the District based on any one signature for amounts under \$5,000.00 and any two signatures for amounts of \$5,000 and over, as set forth below:

<i>Title</i>	<i>Name</i>
General Manager	Stephen E. Abbors
Administration Services Manager	Kate Drayson
Planning Manager	Ana Ruiz
Real Property Manager	Michael Williams
Operations Manager	David Sanguinetti
Public Affairs Manager	Rudy Jurgenson