



STAFF REPORT

May 11, 2022
File Number 0490-30

SUBJECT

RENEW SIGNATURE AUTHORIZATIONS FOR INVESTING CITY FUNDS IN THE LOCAL AGENCY INVESTMENT FUND

DEPARTMENT

City Treasurer

RECOMMENDATION

Request the City Council adopt Resolution No. 2022-53, renewing the authorization to invest monies not required for immediate cash flow needs in the Local Agency Investment Fund ("LAIF") which is administered by the State Treasury in accordance with Section 16429.1 of California Government Code.

Staff Recommendation: Receive and File (City Treasurer: Douglas Shultz)

Presenter: Douglas Shultz, City Treasurer

PREVIOUS ACTION

In 1977, the City Council adopted Resolution No. 1977-23, which gave the City Treasurer authorization to participate in the LAIF for investment of surplus City funds. Council most recently adopted Resolution 2021-111 renewing authorization to invest monies in the LAIF by updating the list of authorized users.

BACKGROUND

The LAIF is a voluntary program created by State statute in 1977 as an investment alternative for California's local governments. This program is administered by the State Treasurer's Office with monies from the LAIF invested with State monies through the Pooled Money Investment Account ("PMIA"). This program offers local agencies the opportunity to participate in a major portfolio that invests billions of dollars using the investment expertise of the State Treasurer's Office investment staff. LAIF has grown from 293 participants and \$468 million in 1977 to 2,394 participants and \$35.9 billion as of March 31, 2022.

At the end of each calendar quarter, all interest earned in the Fund is distributed by LAIF to the participating governmental agencies directly proportionate to their respective amounts deposited in the Fund and the length of time such amounts remained therein. Prior to the distribution, an amount equal to the reasonable costs of making the investments, not to exceed one-half of 1 percent of the earnings of the Fund, are deducted from the interest earnings. A statement is sent to all fund participants showing balances and transactions for the month.



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As of March 31, 2022, the City had \$50.5 million invested in LAIF. Investing in LAIF is an authorized investment in the City's Investment Policy that meets the investment objective of safety. Under Federal Law, the State of California cannot declare bankruptcy, specifically Section 16429.3 of the State Government Code states that money's placed with the Treasurer for deposit in the LAIF shall not be subject to impound or seizure by any State official or State agency. California Government Code Section 16429.4 was added in 2002 and states that the State cannot withhold LAIF monies if they fail to adopt a budget by the June 30th deadline.

Due to staff turnover and title changes staff is requesting the approval of Resolution 2022-53 which will renew authorization to invest monies not required for immediate cash flow needs in the LAIF and designate those authorized to complete such transactions.

RESOLUTIONS

- a. Resolution 2022-53