

**Meeting Date:** 8/25/2015

**Report Type:** Consent

**Report ID:** 2015-00732

**Title:** Investment of City of Sacramento Pooled Funds in the Local Agency Investment Fund Managed by the California State Treasurer

**Location:** Citywide

**Recommendation:** Pass a Resolution authorizing the City Treasurer to Invest City of Sacramento pooled funds in the Local Agency Investment Fund managed by the California State Treasurer.

**Contact:** Bob Tokunaga, Sr. Investment Officer, (916) 808-5340, John Colville, Sr. Investment Officer, (916) 808-8297, Office of the City Treasurer

**Presenter:** None

**Department:** City Treasurer

**Division:** City Treasurer

**Dept ID:** 05001011

**Attachments:**

1-Description/Analysis

2-Resolution

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**City Attorney Review**

Approved as to Form

Steve Itagaki

8/19/2015 9:02:02 AM

**Approvals/Acknowledgements**

Department Director or Designee: Russell Fehr - 8/10/2015 2:26:52 PM

## **Description/Analysis**

**Issue Detail:** As part of the discharge of its duty to manage and invest monies in the City treasury, the City Treasurer has routinely invested funds in the Local Agency Investment Fund (“LAIF”). The State Treasurer is authorized to operate LAIF pursuant to Government Code section 16429.1, et seq and the investment of LAIF monies by the State Treasurer must comply with state law. The City is allowed to deposit and withdraw funds in LAIF pursuant to Government Code section 16429.1(b). The City Treasurer’s use of LAIF is based on a prior resolution previously submitted to the State Treasurer. The State Treasurer’s Office suggested that the prior resolution is outdated and does not necessarily allow for the transfer of transaction authority to new City Treasurers and new City investment officers without additional City Council resolutions. The resolution now proposed is in a format recommended by the State Treasurer’s Office to allow for the deposit and withdrawal of monies in the LAIF by the current City Treasurer and City investment staff, as well as successors in office, thereby facilitating the transfer of transaction authority to future City Treasurers and City investment staff without the need for further Council resolutions.

**Policy Considerations:** Among other things, the City’s Investment Policy sets forth the three primary objectives of the City’s investment of the pooled funds. In order of priority, the objectives are preservation of principal, meeting the liquidity needs of the City, and achieving a rate of return on investments commensurate with satisfaction of the other two objectives. The continued use of the Local Agency Investment Fund facilitates the achievement of all of these objectives. The proposed resolution facilitates such continued use by current and future City Treasurers and City investment officers.

**Economic Impacts:** None.

**Environmental Considerations:** None.

**Sustainability:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** An updated resolution authorizing the deposit and withdrawal of monies in the Local Agency Investment Fund would allow the City Treasurer to continue to use the Fund as a valuable investment vehicle and facilitate the transfer of transaction authority to successors in office of the current City Treasurer and current City investment officers.

**Financial Considerations:** The Local Agency Investment Fund provides the City Treasurer a way to invest cash held in the treasury pool that may be withdrawn as needed on a same-day or 24-hour notice basis (for withdrawals of \$10 million or more) to meet City’s cash flow needs, while realizing interest generated by the Fund.

**Local Business Enterprise (LBE):** Not applicable.

## Attachment 1

### RESOLUTION NO. 2015-XXXX

Adopted by the Sacramento City Council  
**August 25, 2015**

#### **AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND**

#### **BACKGROUND**

- A. The California State Treasurer is manages a pooled investment fund known as the "Local Agency Investment Fund."
- B. The Local Agency Investment Fund is established in the State Treasury under Government Code section 16429.1, et seq. for the deposit of money of a local agency for purposes of investment by the State Treasurer.
- C. The City Council hereby finds that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with Government Code section 16429.1, et seq. for the purpose of investment as provided therein is in the best interest of the City.

#### **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. The deposit and withdrawal of City monies in the Local Agency Investment Fund in the State Treasury in accordance with Government Code section 16429.1, et seq. for the purpose of investment as provided therein is hereby approved.
- Section 2. The following City officials and employees holding the titles specified below and their successors in office are hereby authorized to order the deposit or withdrawal of City monies in the Local Agency Investment Fund and shall provide their authorized signatures and execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:  
  
Russell Fehr, City Treasurer  
John Colville, Chief Investment Officer  
Robert Tokunaga, Senior Investment Officer  
Stacy Hussey, Investment Officer
- Section 3. This resolution shall remain in full force and effect until rescinded by the City Council by resolution and a copy of such rescinding resolution is filed with the State Treasurer's Office.