



## Council Agenda Report

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Item 5h

**Department:** Finance  
**Cost Center:** 2001  
**For Agenda of:** 5/17/2022  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Brigitte Elke, Finance Director

**SUBJECT:** RE-AUTHORIZE INVESTMENTS IN THE STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF) AND ASSIGN AUTHORIZED OFFICERS

### RECOMMENDATION

Adopt a Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, authorizing investment of monies in the Local Agency Investment Fund and assigning Designated City Officers" for deposits to, and withdrawals from, the fund.

### DISCUSSION

#### Background

The Local Agency Investment Fund (LAIF) began in 1977 as an investment alternative for California's local governments and special districts and it continues today under the State Treasurer's Office. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code.

This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer. The use of LAIF allows the City to achieve a higher rate of return on a temporarily high cash balance than the City could earn through its banking services. At the same time, LAIF maintains a high degree of liquidity since funds from LAIF can be deposited and withdrawn within 24 hours.

The City of San Luis Obispo has participated in LAIF since 1977. The participation requires the governing body to adopt, by resolution, the designation of the fiscal officers who are authorized to deposit and/or withdraw funds from LAIF (Attachment A).

The current Resolution No. 10393 (2012 Series) (Attachment B) was adopted by the City Council in 2012. Several of the positions then authorized have since been eliminated and an updated resolution is necessary. In order to fully benefit from LAIF's investment yields, it is imperative that money can be moved expeditiously (i.e. Safety, Liquidity, Yield, Compliance) while maintaining organizational flexibility to utilize the short-notice liquidity through the system. To do so, staff recommends that the following positions are authorized to access LAIF and transact on the City's behalf:

**Administration**

City Manager  
Assistant City Manager

**Finance**

Director of Finance/City Treasurer  
Accounting Manager/Controller  
Senior Accountant  
Revenue Analyst

The positions recommended were selected based on their involvement in the City Treasury, investment postings, and revenue collection in addition to establishing the needed redundancy for the organization to effectively manage its cash for maximum return on investment.

**Previous Council or Advisory Body Action**

The City Council last updated the governing resolution for LAIF on September 4, 2012 – Resolution No. 10393.

**Policy Context**

The City's investment policy requires the City to invest its reserves and short-term cash to maintain safety and liquidity while maximizing yield.

**Public Engagement**

This item will be review during a public session of the City Council and the public is invited to comment prior to or during the meeting.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a "Project" under CEQA Guidelines Sec. 15378.

**FISCAL IMPACT**

Budgeted: n/a  
Funding Identified: n/a

Budget Year: 2021-22

**Fiscal Analysis:**

| <b>Funding Sources</b> | <b>Total Budget Available</b> | <b>Current Funding Request</b> | <b>Remaining Balance</b> | <b>Annual Ongoing Cost</b> |
|------------------------|-------------------------------|--------------------------------|--------------------------|----------------------------|
| General Fund           | \$                            | \$                             | \$                       | \$                         |
| State                  |                               |                                |                          |                            |
| Federal                |                               |                                |                          |                            |
| Fees                   |                               |                                |                          |                            |
| Other:                 |                               |                                |                          |                            |
| <b>Total</b>           | <b>\$</b>                     | <b>\$</b>                      | <b>\$</b>                | <b>\$</b>                  |

Updating the resolution that authorizes staff to invest in LAIF will have a positive fiscal impact as it utilizes LAIF's attractive yields for the City's short-term investments while maintaining optimal liquidity and flexibility for day-to-day operations.

#### **ALTERNATIVES**

***The City Council could choose not to update the LAIF resolution.*** This is not recommended as only the City Manager and the Director of Finance will have access to the system and permission to transact.

#### **ATTACHMENTS**

- A - Draft Resolution adopting the authorized fiscal officers to transact with LAIF.
- B - Resolution No. 10393 (2012 Series)