

TO: James L. App, City Manager

FROM: Mike Compton, Director of Administrative Services

SUBJECT: Establishing an Investment With Local Agency Investment Fund (LAIF) for the Public Financing Authority

DATE: November 19, 2002

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Needs:

For the Public Financing Authority Board to consider adoption of a resolution to establish an investment account with the State Treasurer's Office.

Facts:

1. The State Treasurer's Office provides a means for any local government agency to invest surplus funds with the State on a volunteer basis.
2. This opportunity to pool investment resources for achieve higher interest earnings while maintaining safety and liquidity is achieved through use of the LAIF.
3. The City currently has two accounts with LAIF, one for the City and one for the Redevelopment Agency. The Redevelopment Agency account is being used to segregate Measure D bond funds from other City funds.
4. The purpose of creating a new third account with LAIF for the Public Financing Authority is to segregate bond proceeds from the recent sale of lease installment sewer revenue bonds from other City funds.

Analysis  
and  
Conclusion:

Proceeds from the recent sale of lease installment sewer revenue bonds are held in trust by the bond trustee, Union Bank of California. However, the City has the authority to direct the investment of said funds. Since investment returns from LAIF, in spite of their historical lows, are higher than those that Union Bank may achieve on their own given the need for liquidity, it is desirable to invest the funds with LAIF.

LAIF provides a means to establish temporary accounts for the deposit and invest and bond proceeds. However, the requirements to on use of a bond account are much more onerous than a regular account. Thus, this request to establish and third City account via the Public Financing Authority.

The Trust Agreement with Union Bank conveys certain controls to them for disbursement of bond funds. Accordingly, approval by the Board to establish an investment account with LAIF will include the transfer certain authorities to Union Bank in order to satisfy related provisions of Trust Agreement.

Fiscal  
Impact:

None.

Options:

For the Public Financing Authority Board to:

- a. Adopt the Public Financing Authority Resolution No. PFA-02-xx establishing a LAIF account with the State Treasurer's Office; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 02-

A RESOLUTION OF THE PUBLIC FINANCING AUTHORITY  
OF THE CITY OF PASO ROBLES  
AUTORIZING THE INVESTMENT OF MONIES  
IN THE LOCAL AGENCY INVESTMENT FUND

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WHEREAS, pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the Board of the Paso Robles Public Financing Authority does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the California Government Code for the purpose of investment as stated herein as in the best interests of the Paso Robles Public Financing Authority and the City of El Paso de Robles.

THEREFORE BE IT HEREBY RESOLVED that the Board of the Public Financing Authority does hereby authorize the deposit and withdrawal of Public Financing Authority monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the California Government Code for the purpose of investment as stated herein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED that, until rescinded by subsequent Board action, the following Union Bank of California officers shall be solely authorized on behalf of the Paso Robles Public Financing Authority to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

Janese Tran	Trust Officer	_____
Gillian Wallace	Vice President	_____
Sonia Flores	Vice President	_____
Douglas Schlafer	Vice President	_____

BE IT FINALLY RESOLVED that monthly statements of investment activity as prepared by the State Treasury and distributed to Local Agency Investment Fund participants shall be mailed directly to Union Bank of California as follows:

Union Bank of California  
Trust Department  
475 Sansome Street, 12<sup>th</sup> Floor  
San Francisco, CA 94111  
Attn: Janese Tran, Trust Officer

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 19<sup>th</sup> day of November 2002 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Frank R. Mecham, Mayor

ATTEST:

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Sharilyn M. Ryan, Deputy City Clerk