



# staff report

**TO:** Honorable Mayor and Members of the City Council

**ATTENTION:** Jeffrey L. Stewart, City Manager

**FROM:** Tae Rhee, Finance Director/City Treasurer

**SUBJECT:** Consideration and possible action to adopt **Resolution No. 16-XX** – A Resolution authorizing and requesting the investment of excess funds in the Los Angeles County Treasury Pool and rescinding Resolution No. 15-89.

**DATE:** March 28, 2016

## **EXECUTIVE SUMMARY**

The Los Angeles County Treasurer manages an investment pool known as Los Angeles County Pooled Investment Fund (LACPIF) with a portfolio of \$26 billion. Public agencies can voluntarily participate in LACPIF, and on November 9, 2015, the City Council adopted Resolution No. 15-89 to authorize the City’s participation in LACPIF. However, the County Treasurer has since required public agencies to add a countersignature line on the last page of the Resolution to signify his agreement and acceptance of the City’s Resolution. The Interim City Attorney advised that this revision is a substantive alteration which requires the City Council to re-adopt the same resolution with the addition of the countersignature line.

## **RECOMMENDATION**

- 1) Adopt Resolution No. 16-XX to authorize the City to establish an investment account in the Los Angeles County Treasury Pool and rescind Resolution 15-89; or
- 2) Alternatively, discuss and take other action related to this item.

## **FISCAL IMPACT**

None.

## **ATTACHMENTS:**

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# staff report

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**TO:** Honorable Mayor and Members of the City Council

**ATTENTION:** Jeffrey L. Stewart, City Manager

**FROM:** Tae Rhee, Finance Director/City Treasurer

**SUBJECT:** Adopt **Resolution No. 15-XX** – A Resolution of the City Council of the City of Bellflower Authorizing and Requesting the Investment of Excess Funds in the Los Angeles County Treasury Pool

**DATE:** November 9, 2015

## **EXECUTIVE SUMMARY**

The Los Angeles County Treasurer manages an investment pool known as Los Angeles County Pooled Investment Fund (LACPIF) with a portfolio of \$21.3 billion. Public agencies can voluntarily participate in LACPIF, and the Council's approval of an investment account in LACPIF will allow the City to benefit from the expertise offered by the County Treasurer and a competitive rate of return.

## **RECOMMENDATION**

Adopt Resolution No. 15-XX to authorize the City to establish an investment account in the Los Angeles County Treasury Pool.

## **FISCAL IMPACT**

There are no specific out-of-pocket costs associated with opening a LACPIF account or having other transactions. Similarly with other public agency investment pools, all investment expenses are deducted from the investment earnings. For the month of August 2015, LACPIF earned 0.77% with the weighted average days to maturity of 608 (approximately 1 year and 8 months). During the same month, the Local Agency Investment Fund ("LAIF") managed by the State Treasurer earned 0.33% with approximate weighted average days to maturity of 210 (approximately 7 months).

LACPIF currently permits two withdrawals per month. If the withdrawal or deposit amount is \$2 million or greater, LACPIF requires at least one business day notice prior to the date of the fund transfer. The majority of the City's initial deposit must be on account with LACPIF for at least six months.

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County Treasury Pool/LACPIF  
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**BACKGROUND**

The following background information on LACPIF is made available in the audit report for the fiscal year ended June 30, 2014.

*“The Los Angeles County Treasurer and Tax Collector (Treasury) maintains two investment portfolios, the External Investment Pool (Pool) and the Specific Purpose Investment (SPI) portfolio. The Treasury manages the Pool on behalf of Pool participants through the authority delegated to it annually by the Los Angeles County Board of Supervisors. The primary objective of the Treasury’s Investment Policy is to ensure the safety of principal. The secondary objective is to meet the liquidity needs of the Pool participants. The third objective is to achieve a return on funds invested. The Treasury accomplishes these objectives through the purchase of high quality fixed income investments held to a designated maturity.*

*Mandatory Pool participants include the County of Los Angeles (County), local school and community college districts within the County and the Superior Courts. Voluntary participants in the Pool consist of the Sanitation Districts, the Metropolitan Transportation Authority, the South Coast Air Quality Management District and certain other municipal agencies. There were approximately 2,000 Pool participants for the year ended June 30, 2014. The Treasury also maintains a SPI portfolio to manage specific investment objectives of certain Pool participants and voluntary participants. The individual investment strategies of the SPI are established by the needs of the requesting entity.”*

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**CITY OF BELLFLOWER**

**RESOLUTION NO. 16-XX**

**A RESOLUTION AUTHORIZING AND REQUESTING THE INVESTMENT OF EXCESS FUNDS IN THE LOS ANGELES COUNTY TREASURY POOL AND RESCINDING RESOLUTION NO. 15-89**

**WHEREAS**, California Government Code (“Government Code”) Section 53684 allows local agencies in the County of Los Angeles (the “County”) to deposit excess funds in the Los Angeles County Treasury Pool for the purpose of investment by the Treasurer and Tax Collector of the County (the “Treasurer”); and

**WHEREAS**, the City Council of City of Bellflower has determined or may determine from time to time, that excess funds of the City of Bellflower exist that are not required for immediate use; and

**WHEREAS**, Government Code Section 6502 allows public agencies, even if outside the County, to enter into joint powers agreements with the County, under which excess funds may be deposited in the County Treasury Pool; and

**WHEREAS**, the City of Bellflower is a local agency as that term is defined in Government Code Section 53600 and/or a public agency as that term is defined in Government Code Section 6500; and

**WHEREAS**, the Board of Supervisors of the County has made the Government Code Section 53684 operative in the County and has authorized such joint powers agreements; and

**WHEREAS**, the City Treasurer of the City of Bellflower has determined that the City of Bellflower has excess funds which are not required for immediate use; and

**WHEREAS**, the County Board of Supervisors made Government Code Section 53684 operative in the County on February 24, 1987, as amended by said County Board of Supervisors, on May 31, 1988, to allow for the expansion authorized under Government Code Section 6502; and

**WHEREAS**, with the consent of the Treasurer and Tax Collector (the “Treasurer”), the Treasurer may accept for investment deposits of the City of Bellflower, provided that the City of Bellflower is allowed pursuant to Government Code Section 6502; and

**WHEREAS**, this City Council has determined that it would be desirable to deposit the excess funds in the County Treasury Pool for the purpose of investment pursuant to Government Code Sections 53601 and 53635.

**NOW, THEREFORE, IT IS RESOLVED** as follows:

**SECTION 1.** Resolution No.15-98 is hereby rescinded.

**SECTION 2.** The City Council of the City of Bellflower hereby finds that it may, from time to time, be advantageous to make deposits for purposes of investment with the Los Angeles County Treasurer.

**SECTION 3.** The City Council of the City of Bellflower have received and carefully reviewed the Los Angeles County's Treasurer and Tax Collector Investment Policy (the "Investment Policy"), and is familiar with its contents. Having considered and weighed the risks of investing, the City Council of the City of Bellflower finds and determines that it is appropriate and legal to invest its moneys in the Los Angeles County Treasury Pool, as permitted by the Investment Policy. The City of Bellflower has been advised and understands that the Investment Policy may be amended by the Treasurer without the review and consent of the City of Bellflower.

**SECTION 4.** The City Treasurer of the City of Bellflower, and any other authorized designated signer responsible for the funds of the City of Bellflower, whose name(s), currently held title(s), and specimen signature(s) that appear on Attachment A - List of Authorized Designees of this resolution is/are hereby authorized and directed to request the Treasurer's consent to deposit in the County Treasury Pool those funds he or she deems to be excess and not required for immediate use, for the purpose of investment pursuant to Government Code Sections 53601 and 53635, and subject to the terms and conditions set forth in Government Code Sections 53684 and 27136, and in accordance with the resolutions entitled "Resolution of the Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" and "Resolution of Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" adopted by the Board of Supervisors of the County of Los Angeles, on February 24, 1987, and on May 31, 1988, respectively.

**SECTION 5.** This resolution, upon due adoption by this City Council and with the consent of the Treasurer as evidenced by his signature or that of his designated representative below, constitutes a joint powers agreement between the City of Bellflower and the County.

**SECTION 6.** The City of Bellflower hereby agrees to inform the Treasurer if and to the extent any of the City of Bellflower's funds deposited in the County Treasury Pool pursuant to this joint powers agreement are proceeds of the issuance of bonds, certificates of participation, notes or other evidences of indebtedness ("Bond Proceeds"). If the Bond Proceeds are restricted by a certificate of the City of Bellflower relating to compliance with federal tax requirement ("Nonarbitrage Certificate"), the City of Bellflower agrees to provide the Nonarbitrage Certificate to the Treasurer so that the Treasurer can provide the market value of the Bond Proceeds as of the rebate calculation dates as provided in the Nonarbitrage Certificate. Notwithstanding the foregoing, the County takes no responsibility and the City of Bellflower is solely responsible for compliance with the terms and conditions of the Nonarbitrage Certificates and of any federal tax requirements that may apply to the Bond issuance. The City of Bellflower will review bond documents to determine if funds can be deposited into the County Treasury Pool.

**SECTION 6.** Without limiting the rights of the City of Bellflower or the County's obligation under Government Code Section 53684, the City of Bellflower agrees that the County shall not be liable for damage or losses of any nature resulting from or arising out of (i) investments made or authorized by the Treasurer in accordance with Government Code Section 53601 or Section 53635; (ii) misrepresentations or false or erroneous information provided by the City of Bellflower or any of its officers, employees or agents; (iii) noncompliance with investment policies or guidelines adopted by the City of Bellflower; (iv) violation of yield or investment limitations applicable to the funds deposited with the Treasurer for investment (such as federal arbitrage regulations with respect to the investment of proceeds of borrowings, or state or federal restrictions on the investment of grant proceeds); (v) circumstances beyond the reasonable control of the County, such as a declaration of a banking moratorium or the suspension of trading on any securities exchange; (vi) acts or omissions of the County, its officers and employees which do not constitute gross negligence or willful misconduct, or acts or omissions of the County's custodial bank, depository bank and investment manager (the "Agent Banks"), provided that the City of Bellflower shall be subrogated to the rights of the County to pursue a claim against the Agent Banks or any of them under the contractual arrangements between the County and the Agent Banks.

**SECTION 7.** The City of Bellflower hereby agrees that the County may calculate the average daily balances of participants in the County Treasury Pool and may allocate monthly interest payments thereon pursuant to any reasonable method established by the County and consistently applied. City of Bellflower further agrees to reimburse to the County Treasury Pool any amounts disbursed to City of Bellflower in error promptly upon the discovery of such error or upon the request of the Treasurer.

**PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF BELLFLOWER ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2016.**

**Attest:**

\_\_\_\_\_  
**Mayra Ochiqui, City Clerk**

**APPROVED AS TO FORM:**

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**Karl H. Berger, Interim City Attorney**

**AGREED AND ACCEPTED ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2016.**

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**Joseph Kelly, Treasurer and Tax Collector  
of the County of Los Angeles**

**Attachment A**

**Authorized List of Designees for the City of Bellflower**

<b>Name</b>	<b>Current Title</b>	<b>Specimen Signature</b>
Jeffrey L. Stewart	City Manager	
Tae Rhee	Finance Director/City Treasurer	
Pearl Tsui	Finance Manager	
Anna Francisco	Accountant	

Date: March 28, 2016

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Jeffrey L. Stewart  
City Manager