

**MARCH JOINT POWERS AUTHORITY
FINANCE SUBCOMMITTEE
OF THE
MARCH JOINT POWERS AUTHORITY**

Matters subsequent to the posting of the agenda.

*Reports, Discussion and Action
Agenda Item No. 6.D*

Meeting Date: January 9, 2024

Subject: LAIF (Local Agency Investment Fund) Account



California State Treasurer
Fiona Ma, CPA



Search



[Home](#) [LAIF Home](#) [Contacts](#) [PMIA](#) [Time Deposits](#)

[Home](#) >> [LAIF](#) ->> Program Description



LOCAL AGENCY INVESTMENT FUND

Program Description

The Local Agency Investment Fund (LAIF), a voluntary program created by statute, began in 1977 as an investment alternative for California's local governments and special districts and it continues today under Treasurer Fiona Ma's administration. 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 professional investment staff at no additional cost to the taxpayer.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chair, or her designated representative, appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state. The term of each appointment is two years or at the pleasure of the Treasurer.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and a market valuation is conducted monthly.

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that our goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by Investment Division staff and reviewed by both the PMIB and the LIAB on an annual basis.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an internal audit process.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313; or (b) impoundment or seizure by any state official or state agency."

During the 2002 legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. This Section states that "the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

The LAIF has grown from 293 participants and \$468 million in 1977 to 2,359 participants and \$22.4 billion at the end of August 2023.

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[Home](#) >> [LAIF](#) >>> [How to Participate in LAIF](#)



LOCAL AGENCY INVESTMENT FUND

How to Participate in LAIF

Local governmental agencies may participate in LAIF by filing a resolution adopted by the agency's governing board with the State Treasurer's Office and by completing and submitting a New LAIF Account form. Additionally, local agencies may deposit bond proceeds (one-time deposit) by following the aforementioned procedures, completing a bond application, and submitting all the original documentation with a completed copy of the Official Statement.

Note: Local agencies that wish to open a new account with LAIF, please contact the LAIF staff at (916) 653-3001.

Documents Required [Regular LAIF Account](#) [Bond Account & Trustee Bond Account](#)

[Resolution](#) (see [sample](#))

[New Account Form](#)

[Bond Application](#)

[Official Statement](#)

Regular LAIF accounts are subject to a \$75 million cap and 15 transactions a month, while bond accounts are one-time deposits and have no cap. Bond proceeds may be withdrawn 30-calendar days from the day of deposit and each subsequent 30-day period. The withdrawal date will advance to the next business day and the 30-day period will go forward from that date when the maturity day falls on a holiday or a weekend.

The Treasurer's investment program is designed to benefit all members of the Pooled Money Investment Account, which LAIF is a participant. Due to the nature of bond accounts, a drawdown schedule is required as part of the application. Therefore, bond accounts are one-way accounts. Bond proceeds are deposited into an account and funds are withdrawn until depleted. Reopening of the same account or the depositing of funds from a prior issue to establish a new account is not permitted. This safeguard as well as the 30-day draw minimizes any negative impact or potential harm that the additional need for liquidity may create for the overall program.



PMIA/LAIF Performance Report as of 09/14/23



Quarterly Performance Quarter Ended 06/30/23

LAIF Apportionment Rate ⁽²⁾ :	3.15
LAIF Earnings Ratio ⁽²⁾ :	0.00008636172883763
LAIF Administrative Cost ^{(1)*} :	0.06
LAIF Fair Value Factor ⁽¹⁾ :	0.984828499
PMIA Daily ⁽¹⁾ :	3.26
PMIA Quarter to Date ⁽¹⁾ :	3.01
PMIA Average Life ⁽¹⁾ :	260

PMIA Average Monthly Effective Yields⁽¹⁾

August	3.434
July	3.305**
June	3.167
May	2.993
April	2.870
March	2.831

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 08/31/23 \$168.1 billion

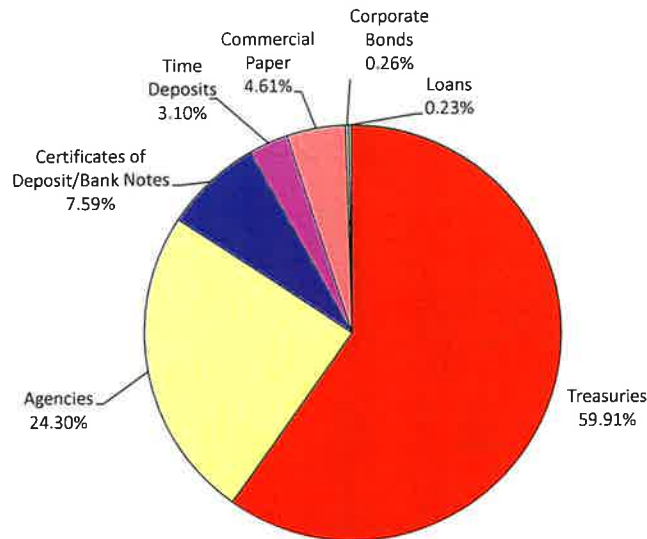


Chart does not include \$2,496,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

*The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.

** Revised

Source:

⁽¹⁾ State of California, Office of the Treasurer

⁽²⁾ State of California, Office of the Controller



**California State Treasurer's Office
Local Agency Investment Fund (LAIF)**

New Regular Account

Date: _____
 Agency Legal Name: _____
 Attention (title only): _____
 Address: _____
 Telephone: _____ Fax: _____

Only the following individuals of this agency whose names appear in the table below are hereby authorized to order the deposit or withdrawal of funds in LAIF.

Name	Title

Banking Information

Bank Name, Branch Number, Address & Telephone	Account & ABA (Routing) Number*	LAIF Bank
	Account #: ABA #:	
	Account #: ABA #:	

***Subject to verification by the State Treasurer's Office. Please attach an original voided check or bank statement showing the full bank account number.**

Two authorized signatures required. Each of the undersigned certifies that he/she is authorized to execute this form under the agency's resolution, and that the information contained herein is true and correct.

_____ Signature	_____ Signature
_____ Print Name and Title	_____ Print Name and Title
_____ Telephone	_____ Telephone

Please provide email address to receive LAIF email notifications.

Name	Email

**Mail completed form to: State Treasurer's Office
 Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001**

SAMPLE RESOLUTION

RESOLUTION OF _____ (CITY/DISTRICT) _____

AGENCY
ADDRESS _____

AGENCY
PHONE NUMBER _____

<p style="text-align: center;">AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND</p>
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WHEREAS, 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; and

WHEREAS, the City Council/Board of Directors 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 interests of the _____ (City/District) _____;

NOW THEREFORE, BE IT RESOLVED, that the City Council/Board of Directors hereby authorizes the deposit and withdrawal of _____ (City/District) _____ 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.

BE IT FURTHER RESOLVED, as follows:

Section 1. The following _____ (City/District) _____ officers holding the title(s) specified hereinbelow **or their successors in office** are each hereby authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund and may execute and deliver any and all documents necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby:

(NAME)

(NAME)

(NAME)

(TITLE)

(TITLE)

(TITLE)

(SIGNATURE)

(SIGNATURE)

(SIGNATURE)

Section 2. This resolution shall remain in full force and effect until rescinded by City Council/Board of Directors by resolution and a copy of the resolution rescinding this resolution is filed with the State Treasurer's Office.

PASSED AND ADOPTED, by the City Council/Board of Directors of _____ (City/District) _____
(County) _____ of State of California on _____ (Date) _____.

<p>Note: Resolution must be adopted by the governing body. Please submit an original resolution or a certified copy of the resolution to LAIF. A certified copy is 1) a copy of the resolution affixed with the seal of the agency or 2) a copy of the resolution attested by the City Clerk/Board Secretary with his/her signature.</p>
