

REPORT

DATE ISSUED: May 5, 2008 REPORT NO: HCR 08-56
ATTENTION: Chair and Members of the Housing Commission
For the Agenda of June 6, 2008
SUBJECT: Local Agency Investment Fund Board Resolution

REQUESTED ACTION:

Housing Commission adoption of the proposed Resolution of Board of Commissioners (Attachment 1).

STAFF RECOMMENDATION:

It is recommended the Housing Commission authorize the President & Chief Executive Officer, Executive Vice President & Chief Operating Officer and Chief Financial Officer to invest San Diego Housing Commission monies in the Local Agency Investment Fund (LAIF).

BACKGROUND:

LAIF is a voluntary program created by statute in 1977 as an investment alternative for California's local governments and special districts. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code (Attachment 2).

This program offers local agencies the opportunity to participate in a major portfolio that invests millions of dollars, using the investment expertise of the Treasurer's Office staff. The Treasurer's Office team is comprised of staff who has each worked for the State Treasurer's Office for an average of 20 years.

In order to participate in LAIF, the State Treasurer's Office must have a Board Resolution on file identifying officers or their successors in office that are authorized to order the deposit or withdrawal of monies in the LAIF. The Board originally approved the use of LAIF and adopted a Resolution in 1987. Changes in title, staff and office location have created a need to adopt a new resolution and update account information.

FISCAL CONSIDERATIONS:

None with this action; however investments in LAIF currently represent 45.78% of the San Diego Housing Commission investment portfolio.


PREVIOUS COUNCIL and/or COMMITTEE ACTION:

In Report No. 87-180, dated October 19, 1987, the San Diego Housing Commission Board approved the use of LAIF as an investment instrument and adopted a resolution indicating officers and titles authorized to initiate action on the Housing Commission account.

ENVIRONMENTAL REVIEW:

This activity is not a project within the meaning of the California Environmental Quality Act (CEQA) pursuant to Section 15060(c)(3) of the State CEQA guidelines. Some Federal funds may be invested. However, this activity is exempt from the National Environmental Policy Act (NEPA) under 24 CFR 58.34(a)(3) "Information and Financial Services" and under (a)(4) "Administrative and Management Activities".

Respectfully submitted,


for John Pfeiffer
Chief Financial Officer

Approved by,


Carrol M. Vaughan
Interim President & Chief Executive Officer

Attachments:

1. Resolution of Board of Commissioners.
2. Section 16429.1 of the California Government Code

RESOLUTION OF BOARD OF COMMISSIONERS
For
SAN DIEGO HOUSING COMMISSION

AGENCY
ADDRESS: 1122 Broadway, Suite 300
San Diego, CA 92101

AGENCY
PHONE NUMBER: John Pfeiffer
619-578-7711

**RESOLUTION AUTHORIZING INVESTMENT OF SAN DIEGO HOUSING COMMISSION
MONIES IN LOCAL AGENCY INVESTMENT FUND**

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 Commissioners 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 Government Code for the purpose of investment as stated therein as in the best interests of the San Diego Housing Commission.

NOW THEREFORE, BE IT RESOLVED, that the Board of Commissioners does hereby authorize the deposit and withdrawal of San Diego Housing Commission monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following San Diego Housing Commission officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund.

VACANT
(NAME)

Carrol M. Vaughan
(NAME)

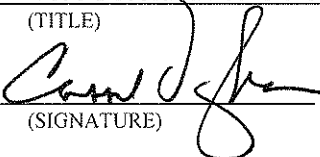
John Pfeiffer
(NAME)

President & CEO
(TITLE)

Vice President & COO
(TITLE)

Chief Financial Officer
(TITLE)

(SIGNATURE)


(SIGNATURE)

(SIGNATURE)

PASSED AND ADOPTED, by the Board of Commissioners of the San Diego Housing Commission State of California on May 16, 2008.
(DATE)

LAIF Statutes

16429.1 Creation, maintenance, and operation of Local Agency Investment Fund

(a) There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

(b) Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(c) Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(d) Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agent engaged by the local agency, the Local Agency Investment Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

(e) The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

(f) The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

(g) The Local Investment Advisory Board shall determine those quasi-governmental agencies which qualify to participate in the Local Agency Investment Fund.

(h) The Treasurer may refuse to accept deposits into the fund if, in the judgment of the Treasurer, the deposit would adversely affect the state's portfolio.

(i) The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.

(j) Money in the fund shall be invested to achieve the objective of the fund which is to realize the maximum return consistent with safe and prudent treasury management.

(k) All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.

(l) Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment Fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of one-half of 1 percent of the earnings of this fund, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies, including the Treasurer, the Controller, and the Department of Finance, having incurred costs in carrying out the provisions of this section.

(m) The Treasurer shall prepare for distribution a monthly report of investments made during the preceding month.

(n) As used in this section, "local agency," "local governmental unit," and "local governmental official" includes a campus or other unit and an official, respectively, of the California State University who deposits moneys in funds described in Sections 89721, 89722, and 89725 of the Education Code.

16429.2 Local investment advisory board

There is created the Local Investment Advisory Board consisting of five members. The chairman shall be the State Treasurer or his or her designated representative. Two members who are qualified by training and experience in the field of investment or finance, shall be appointed by the State Treasurer. 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, shall be appointed by the Treasurer.

The term of office of each appointed member of the board is two years, but each appointed member serves at the pleasure of the appointing authority. A vacancy in the appointed membership, occurring other than by expiration of term, shall be filled in the same manner as the original appointment, but for the unexpired term only.

Members of the board who are not state officers or employees shall not receive a salary, but shall be entitled to a per diem allowance of one hundred dollars (\$100) for each day's attendance at a meeting of the board, not to exceed three hundred dollars (\$300) in any month. All members shall be entitled to reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

The board's primary purpose shall be to advise and assist the State Treasurer in formulating the investment and reinvestment of moneys in the Local Agency Investment Fund, and the acquisition, retention, management, and disposition of investments of the fund. The board, from time to time, shall review those policies and advise therein as it considers necessary or desirable. The board shall advise the State Treasurer in the management of the fund and consult the State Treasurer on any matter relating to the investment and reinvestment of moneys in the fund.

16429.3 Deposits; prohibited transfers and loans; impoundment or seizure

Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund 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.
- (b) Impoundment or seizure by any state official or state agency.

16429.4 Right of withdrawal

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 Local Agency Investment Fund, 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.