



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 07/10/07
AGENDA ITEM 6
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Director of Finance and Internal Services
SUBJECT: Reauthorization of Investment of Monies by the City of Hayward, Hayward Redevelopment Agency, and the Hayward Housing Authority in the State of California Local Agency Investment Fund

RECOMMENDATION:

That the City Council, Redevelopment Agency Board, and Hayward Housing Authority adopt the attached resolutions reauthorizing the investment of City funds in the Local Agency Investment Fund.

BACKGROUND:

The City of Hayward currently invests with the State of California, in the Local Agency Investment Fund (LAIF). The City has three investment accounts with LAIF: City of Hayward (Resolution 77-186); Hayward Redevelopment Agency (Resolution 84-05); and Hayward Housing Authority (Resolution 69-297). Each LAIF account is subject to a \$40 million maximum balance and 15 transactions per month. As an administrative update, we are reaffirming our official resolutions to conform to LAIF requirements.

LAIF provides the City with a great deal of liquidity within our Investment Portfolio while paying a competitive rate of return. Interest rates for the past year have ranged from 4.84% to 5.25%, which is comparable with other short term investment instruments.

LAIF is a voluntary program created by statute and began in 1977 as an investment alternative for California's local governments and special districts. 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 (STO) investment staff. This in-house management team is comprised of civil servants who have each worked for the State Treasurer's Office for an average of 20 years. 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 STO 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 in-house audit process involving three separate divisions.

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

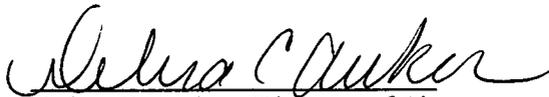
Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

During the 2002 legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. The 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."

FISCAL IMPACT:

None

Recommended by:



Debra C. Auker, Director of Finance and Internal Services

Approved by:



Fran David, Acting City Manager

Attachments: Resolutions (3)

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: _____
Secretary of the Redevelopment Agency
of the City of Hayward

APPROVED AS TO FORM:

Counsel of the Redevelopment Agency
of the City of Hayward

ABSTAIN: COMMISSION MEMBERS:

ABSENT: COMMISSION MEMBERS:

ATTEST: _____
Secretary of the Housing Authority
of the City of Hayward

APPROVED AS TO FORM:

Counsel of the Housing Authority
of the City of Hayward