

# HEBER PUBLIC UTILITY DISTRICT

## REPORT TO BOARD OF DIRECTORS

**MEETING DATE:** September 15, 2022

**FROM:** Laura Fischer, General Manager

**SUBJECT:** Adopt Resolution 2022-15 authorizing investment of monies in the Local Agency Investment Fund

**ISSUE:** Shall the Board Adopt Resolution 2022-15 authorizing investment of monies in the Local Agency Investment Fund?

**General Manager's Recommendation:**

Adopt Resolution 2022-15 authorizing investment of monies in the Local Agency Investment Fund

**FISCAL IMPACT:** The District will earn greater interest and revenue in LAIF accounts.

**BACKGROUND:**

After discussion with our auditors and financial advisors, staff has determined the need to invest HPUD monies in a manner that will provide the highest investment return with the maximum security while meeting the cash flow demands of the District and conforming to all provisions of California Government Code Section 53600.

Currently, HPUD has cash in a local bank that does not have a high return on our investment. The Local Agency Investment Fund (LAIF) 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 investment staff at no additional cost to the taxpayer.

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 2,389 participants and \$33.0 billion at the end of July 2022.

**CONCLUSION:**

Staff recommends adopting Resolution 2022-15 authorizing investment of monies in the Local Agency Investment Fund.

**ALTERNATIVES:**

1. Do not adopt Resolution 2022-15.
2. Adopt Resolution 2022-15 with changes and edits.

Respectfully Submitted,  
Laura Fischer, General Manager

Attachments: Resolution 2022-15

**RESOLUTION NO. 2022-15**

**A RESOLUTION OF THE HEBER PUBLIC UTILITY  
DISTRICT AUTHORIZING INVESTMENT OF MONIES  
IN THE LOCAL AGENCY INVESTMENT FUND (LAIF)**

**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 Heber Public Utility District 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 Heber Public Utility District;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Heber Public Utility District hereby authorized the deposit and withdrawal of Heber Public Utility 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 Heber Public Utility 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:

Laura Fischer  
(Name)

Adriana Amezcua  
(Name)

General Manager  
(Title)

Finance Manager  
(Title)

Section 2. This Resolution shall remain in full force and effect until rescinded by Heber Public Utility District 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 Heber Public Utility District Board on the 15<sup>th</sup> Day of September 2022 by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
Kaine Garcia, President  
Board of Directors

ATTEST:

\_\_\_\_\_  
Moises Cardenas, Clerk of the Board

APPROVE AS TO FORM:

\_\_\_\_\_  
Steven M. Walker, General Counsel

STATE OF CALIFORNIA )  
COUNTY OF IMPERIAL )  
HEBER PUBLIC UTILITY )  
DISTRICT )

I, MOISES CARDENAS, Clerk of the Board of the Heber Public Utility District, County of Imperial, State of California, DO HEREBY CERTIFY that the foregoing resolution was dully passed, approved and adopted by the Board of Directors of the Heber Public Utility District at its regularly scheduled meeting held on the 15th day of September, 2022.

By \_\_\_\_\_  
Moises Cardenas, Clerk of the Board