

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: July 16, 2020

Item description/summary:

Investments and Alternatives: The District funds are all invested with Yuba County's Treasurer's pool. Governmental investment pools offer safety with a competitive yield. Local Agency Investment Fund (LAIF) with the California State Controller, California Asset Management (CAMP) and CALTRUST. Another alternative is investing with a private investment firm/advisor. (Subject to legal and internal investment restrictions). Attached are information pages for LAIF, CAMP and CALTRUST.

Fiscal Analysis:

Yield Differences between the investment pools are in base points and are declining on a daily basis from a high in the mid to high 2% during 2018-19.

Employee Feedback

Sample Motion:

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California State Treasurer
Fiona Ma, CPA



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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 2,365 participants and \$31.4 billion at the end of May 2020.

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LAIF

	March	June	September	December
1994	4.25	4.45	4.96	5.37
1995	5.76	5.98	5.89	5.76
1996	5.62	5.52	5.57	5.58
1997	5.56	5.63	5.68	5.71
1998	5.70	5.66	5.64	5.46
1999	5.19	5.08	5.21	5.49
2000	5.80	6.18	6.47	6.52
2001	6.16	5.32	4.47	3.52
2002	2.96	2.75	2.63	2.31
2003	1.98	1.77	1.63	1.56
2004	1.47	1.44	1.67	2.00
2005	2.38	2.85	3.18	3.63
2006	4.03	4.53	4.93	5.11
2007	5.17	5.23	5.24	4.96
2008	4.18	3.11	2.77	2.54
2009	1.91	1.51	0.90	0.60
2010	0.56	0.56	0.51	0.46
2011	0.51	0.48	0.38	0.38
2012	0.38	0.36	0.35	0.32
2013	0.28	0.24	0.26	0.26
2014	0.23	0.22	0.24	0.25
2015	0.26	0.28	0.32	0.37
2016	0.46	0.55	0.60	0.68
2017	0.78	0.92	1.07	1.20
2018	1.51	1.90	2.16	2.40
2019	2.55	2.57	2.45	2.29
2020	2.03			



Investment Services by and for California Public Agencies Since 1989 Current Rate

IMPORTANT MESSAGE ×

Due to the Independence Day Holiday, the Fund will be closed on Friday, July 3, 2020.

Important Message from CAMP ×

Please [click here](#) to view a message regarding recent market volatility and CAMP's commitment to safety of public fund investments.

Program Overview

California Asset Management Program ("CAMP" or the "Program") is a California Joint Powers Authority ("JPA") established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p).

CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

CAMP offers a range of services to assist Investors/Participants with their investment and arbitrage compliance needs, including:

- A short-term cash reserve portfolio rated AAAM*
- Individually managed portfolios
- Specialized services for bond proceeds and operating funds
- Investment and safekeeping services at a reasonable cost
- The investment advisory resources of PFM Asset Management LLC
- Arbitrage rebate analysis and calculation

Additional Information

For additional information please call (800) 729-7665 to speak to a [Program Representative](#).

*Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAM rating signifies excellent safety of invested principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell the securities.

For a full description on rating methodology visit [Standard & Poor's website](#)



Current Rate

Name	Date	Current Seven Day Yield
California Asset Management Program	6/24/2020	0.49 %

A summary of the CAMP Pool holdings as of the most recent month end is available upon request by calling CAMP at (800) 729-7665 or under the [Investor/Participant Resources](#) Section on this website.

Current Annualized Yield

Past performance is not indicative of future results and yields may vary. The “current annualized yield” of the Pool may, from time to time, be quoted in reports, literature and advertisements published by the Trust. Current annualized yield represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.

*This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust’s investment objectives, risks, charges, and expenses before investing in the Trust. This and other information about the Trust is available in the Trust’s current Information Sheet, which should be read carefully before investing. A copy of the Trust’s information Statement may be available by calling 1-800-729-7665 or is available on the Trust’s website at www.camponline.com. While the Trust seeks to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC.*

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An Innovative Partnership

We help public agencies pool their assets for investment.

Tailored for local agencies and their investment needs:

Our Three Pillars for Success:

We understand that public dollars must be managed securely and efficiently. The CalTRUST Board, comprised of experienced investment officers and policy makers, works closely with our investment manager, BlackRock, to ensure that our Investment Policy is in full compliance with California Government Code 53601 and 53605. Each of our funds seeks to attain as high a level of current income as is consistent with preservation of principal and aligned with the public agency funds guidepost of Safety, Liquidity, and Yield.



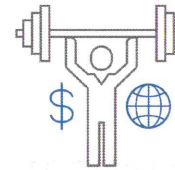
Safety

Our primary objective is to safeguard the preservation of principal, ensuring that our Investment Policy is consistent with California law.



Liquidity

Our fund choices offer same-day, next-day, and three-day liquidity to meet your needs.



Yield

Our funds consistently outperform our benchmarks as we maximize yield as best possible consistent with safety and liquidity.

Current Program Holdings

Over \$2.6 Billion

Over 140 California cities, counties, special districts, and other public agencies enTRUST us as a tool to help manage their financial needs.

Five great account options to choose from

Select the funds that best match your investment time horizon and cash flow needs.

Participants can easily reallocate among accounts as those needs change.



Liquidity

With a target duration of 60 days, this ultra-short fund provides same-day liquidity.



Short Term

With a target duration of 0-2 years, this fund provides same-day liquidity.



Medium Term

With a target duration of 1-3 years, this fund provides three-day liquidity.



ESG Money Market

As an institutional prime fund, LEAF provides same-day liquidity with environmentally conscious investments.



Government

As an institutional government fund, the FedFund provides same-day liquidity.

[Learn More](#)

A Global Leader

Our Partnership with Blackrock puts us in a unique position

BlackRock was retained in 2017 as the exclusive Investment Manager for CalTRUST. BlackRock partners with their cash clients to help find the right investment solutions to meet their unique liquidity needs. Over multiple interest rate cycles and varying market conditions, BlackRock has managed cash portfolios for corporations, banks, foundations, insurance companies and public funds. As a leader in this asset class, BlackRock has US\$402.6 billion* in global liquidity assets across multiple currencies. With one of the most experienced teams in the industry, BlackRock is able to offer clients an investment approach that has been tested through time and a variety of solutions designed to meet the needs of today's cash investor.



[Learn More](#)

We make participation easy!

Local agencies can invest with CalTRUST directly with no hassle.

No need for a city council or board resolution to join the JPA. Any California local agency may participate in CalTRUST.

[Learn More](#)



	CalTRUST Liquidity	BofAMI 3-Month US Treasury Bill Index	CalTRUST Liquidity Return	BofAMI 3-Month US Treasury Bill Index
Net Assets	\$443,161,069.57	N/A	0.01%	0.00%
NAV per Share	\$1.00	N/A	0.13%	0.30%
30 Day SEC Yield	0.17%	N/A	0.55%	0.73%
Period Net Total Return	0.01%	0.00%	1.63%	1.84%
Effective Duration	30 days	26 days	NA	NA
Weighted Average Maturity	27 days	40 days	NA	NA
Weighted Average Life	39 days	N/A	NA	NA
			1.95%	2.05%
			*Annualized	
			Since Inception	

CalTRUST Historical Liquidity 30 day SEC Yield	Date
0.17%	5/31
0.22%	4/20
1.06%	3/20
1.66%	2/20
1.66%	1/20
1.65%	12/19
1.75%	11/19
1.92%	10/19
2.21%	9/19
2.17%	8/19
2.37%	7/19
2.38%	6/19

Portfolio Sector Breakdown

- BOND - 3.06%
- MONEY MARKET FUNDS - 4.62%
- COMMERCIAL PAPER - 18.75%
- CERTIFICATE OF DEPOSIT - 11.29%
- REPURCHASE AGREEMENTS - 33.85%
- + U.S. GOVERNMENT - 28.43%

Rated AAAm by S&P Global Ratings