



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL AND
REDEVELOPMENT AGENCY
BOARD

FROM: Les White
Harry Mavrogenes

SUBJECT: SEE BELOW

DATE: June 4, 2007

COUNCIL DISTRICT: Citywide

SUBJECT: ADOPTION OF RESOLUTIONS AUTHORIZING OFFICERS OF THE CITY OF SAN JOSE AND THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE TO INVEST MONIES IN THE LOCAL AGENCY INVESTMENT FUND

RECOMMENDATION

- a. Adoption of a resolution of the City Council of the City of San José (the “City”) authorizing the Director of Finance and other authorized officers of the City, who routinely conduct investment management activity on behalf of the City, to order the deposit or withdrawal of monies in the Local Agency Investment Fund on behalf of the City.
- b. Adoption of a resolution by the Redevelopment Agency Board (“Agency”) of the City of San José authorizing the Director of Finance and other authorized officers of the City, who routinely conduct investment management activity on behalf of the Agency, to order the deposit or withdrawal of monies in the Local Agency Investment Fund on behalf of the Redevelopment Agency.

OUTCOME

Allowing funds to be deposited or withdrawn from the Local Agency Investment Fund (“LAIF”) as needed to meet liquidity needs of the City and the Agency.

BACKGROUND

The State of California, through the State Treasurer’s Office manages a state-wide investment pool called the Local Agency Investment Fund (“LAIF”) that allows local agencies to invest governmental funds through an investment account structure (a “LAIF Account”). Due to

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economies of scale, local agencies are able to benefit from the higher yield the pool receives as compared to separate smaller investment accounts. The City of San José currently includes LAIF Accounts as authorized investments in its Investment Policy.

Both the City of San José and the Redevelopment Agency of the City of San José currently have separate accounts with LAIF. Each account is authorized to invest up to \$40 million and is allowed 15 transactions per month (deposits and withdrawals). In the past, the only documentation required by the State Treasurer's Office for the establishment and maintenance of an account with LAIF has been a copy of the City's Investment Policy, submitted annually for continued renewal of the accounts. Although submittal of the City's Investment Policy on an annual basis has previously satisfied LAIF's requirements for keeping the investment account current, a new LAIF policy now requires the governing board of the investing authority to adopt a resolution designating the officers authorized to deposit and withdraw monies invested in LAIF. The designations must identify each officer by name and title along with a sample signature of the officer. The resolution resembles a signature card that is commonly used by banks. The list of authorized officers can be modified in the future by the Director of Finance without subsequent approval by the City Council or the Agency Board.

ANALYSIS

Under the City's Investment Policy, LAIF is a permissible investment vehicle. LAIF has been and continues to be a prudent and attractive investment option for the City's and the Redevelopment Agency's surplus funds and the resolutions are necessary to keep the LAIF accounts current. The authorized officers for the purpose of depositing and withdrawing funds invested in LAIF accounts are:

Scott P. Johnson, City's Director of Finance
David Baum, Redevelopment Agency's CFO (only for Agency Funds)
Julia H. Cooper, Deputy Director of Finance, Treasury
Maria Öberg, Financial Analyst
Carrie Rank, Financial Analyst
Peter Detlefs, Financial Analyst
Nancy Tran, Financial Analyst
Tim Tung, Financial Analyst
Iris Hosaka, Accountant II

ALTERNATIVES

Not applicable

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PUBLIC OUTREACH/INTEREST

This item does not meet any of the criteria listed below.

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This staff report has been prepared by the Finance Department in coordination with the Redevelopment Agency and the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

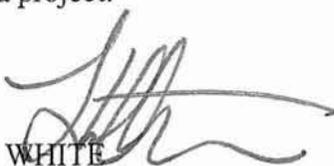
There is no cost implication associated with this action.

BUDGET REFERENCE

Not applicable.

CEQA

Not a project.


LES WHITE
City Manager


HARRY MAVROGENES
Executive Director, Redevelopment Agency

For questions, please contact Julia H. Cooper, Deputy Director of Finance, at (408) 535-7011.