



## Staff Report

**TO:** City Council  
**FROM:** Jennifer Ustation, Finance Director  
**DATE:** September 5, 2023  
**SUBJECT:** Establish an Account with California Cooperative Liquid Asset Securities System (California Class) a Joint Powers Authority Investment Pool

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**Description** Authorize the City Manager to establish an account with California Cooperative Liquid Assets Securities System (California CLASS) a joint power authority investment pool as a complement to LAIF for excess liquidity funds investment.

### **Background and Analysis:**

The Finance Department brings forward the City's Investment Policy on an annual basis. The Statement of Investment Policy provides guidance and policies for the investment of City funds. The responsibility for the operation of the investment program is delegated to the Finance Director, who shall act in accordance with the investment policy.

Currently, 57% of the City's excess funds are invested in liquid funds, and 43% is invested in longer term securities, with the remaining 30% invested in the Local Agency Investment Fund (LAIF). At the Finance and Audit Committee meeting on July 24, 2023, it was reported that funds within the liquid funds, stemming from deposits into the City's checking/sweep account, had gone over the policy threshold for money market mutual funds which is the main investment vehicle for liquidity investments.

City staff have analyzed the investment categories within the City's portfolio along with the City's investment advisors and the City Treasurer. The City's Statement of Investment Policy prioritize objectives of the City's investment program to preserve principal (safety), ensure sufficient liquidity (liquidity), and generate a market rate of return (return). To accomplish these objectives, it is recommended that the City deposit funds with California Cooperative Liquid Assets Securities System (California CLASS), a joint powers authority investment pool.

California CLASS will serve as a complement to LAIF, as the investment in the pool will further diversify the liquidity portion of the City's portfolio. California CLASS is sponsored by the League of California Cities and the California Special Districts

Association, is authorized per California Government Code Section 53601, offers daily liquidity, and is rated AAAM.

**Fiscal Impact:**

Funds deposited within California Class will accrue interest daily with interest paid monthly. The Finance Department will assign interest earnings to the appropriate accounting fund based on available cash balances consistent with generally accepted accounting principles (GAAP).

The estimate to prepare this report is \$154.

**Recommended Action:**

Authorize the City Manager to establish an account with California Cooperative Liquid Assets Securities System (California CLASS) a Joint Powers Authority Investment Pool.

**Attachments:**

- A. California CLASS Registration Packet