



Item #11

DATE: July 11, 2018

TO: GCTD Board of Directors

FROM: Steve L. Rosenberg 
Director of Finance and Administration

SUBJECT: **Consider Adoption of Resolution No. 2018-07 Authorizing GCTD to Participate in the California Asset Management Program (CAMP)**

I. EXECUTIVE SUMMARY

Gold Coast Transit District (GCTD) presently keeps the majority of its reserve operating funds in the California Local Agency Investment Fund (LAIF). LAIF is a state-run investment alternative for California local governments and special districts offering safety, liquidity and higher rates than money market interest. After an extended period of very low interest rates, rates are now rising. This creates an opportunity for GCTD to have an additional investment tool that could potentially provide a higher yield for its short-term investment funds.

California Asset Management Program (CAMP) is a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. Investment in CAMP is permitted under Section 8.14 of GCTD's Investment Policy.

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. PFM Asset Management LLC (PFM) provides day-to-day-portfolio management and program administrative services for CAMP. PFM specializes in providing investment management services to public agencies, including the California Transit Finance Corporation (CTFC), which handled GCTD's 2017 COP issue.

CAMP's Cash Reserve Portfolio (Pool) is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income, consistent with its objectives of preserving principal. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p).

Staff recommends that GCTD open a CAMP Pool account and transfer a portion of its operating funds from LAIF to CAMP, while leaving its LAIF account open and available. Staff would monitor interest rates for both CAMP and LAIF to take advantage of the differences in their investment cycles. CAMP also offers participants separately managed individual portfolios and investment

services for proceeds of tax-exempt bonds compliant with arbitrage regulations, services that would also become available to GCTD.

IT IS RECOMMENDED that the Board of Directors adopt Resolution No. 2018-07, authorizing GCTD to Join with other public agencies as a participant of the California Asset Management Trust, and to invest in shares of the trust and in individual portfolios.

II. BACKGROUND

The California Asset Management Program (CAMP) was created in 1989 when two public agencies formed the California Asset Management Trust (Trust) to meet local government investment needs in a manner and at a cost determined by the local governments that use the program. The Trust's activities are directed by a Board of Trustees, all of whom are employees of California public agencies. As a result, the Trust is accountable solely to its public agency participants.

Initially, the Trust was formed to assist California public agencies with investing proceeds of tax-exempt bonds and complying with the arbitrage regulations. Responding to the needs of its participants, the Trust was later modified to provide for investment of operating funds and capital reserves.

The Trust's Cash Reserve Portfolio (Pool) is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income, consistent with its objectives of preserving principal. In conjunction with the Pool, the Trust offers a variety of cash management tools to assist public agencies in effectively managing their cash. Currently, the Pool has over \$500 million in public agency assets under management.

For those Participants who wish to invest funds at fixed rates or for a term that is longer than the usual maturity of the Pool, CAMP has arranged for its investment adviser to provide separately managed individual portfolios. Combined with the Pool, individual portfolios are designed to afford public agencies a comprehensive solution to their investment needs. The Trust has arranged for its custodian, BNY Western Trust Company, to provide custody for assets of each individual portfolio in a separate account in the name of the participant at a cost that the Trustees believe is very favorable. However, individual portfolios are not assets of the Trust and are not under the management supervision of the Trustees. Individual portfolios are managed under a separate agreement between the Investment Adviser and the public agency.

Some of the key benefits of the JPA are as follows:

- **Safety:** Standard and Poor's (S&P), one of the nationally recognized rating agencies, reviews the assets of the Pool each week. For the Pool to maintain the "AAAm" rating, the Pool must meet certain credit rating standards and not exceed the average maturity allowed by S&P. In addition, a third-party custodian holds all cash and securities.
- **Daily liquidity:** GCTD may make withdrawals any time (same day if CAMP is notified by 11:00 a.m.) and there is no limit on the number of transactions.
- **Competitive money market yields**
- **Unlimited deposits and withdrawals**

- Interest earned daily and credited monthly
- Individually managed portfolios which can be invested solely in securities permitted by GCTD's investment policy.
- Services to ensure compliance with Treasury Department's arbitrage regulations for bond proceeds including arbitrage tracking, expenditure tests, annual estimates of rebate liability and rebate calculations on Installment Computation Dates.
- Monthly portfolio reports

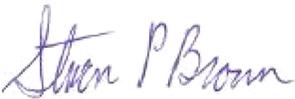
CAMP is governed by a seven-member board of highly respected California treasurers and finance directors. PFM Asset Management LLC (PFM) provides day-to-day-portfolio management and program administrative services. PFM specializes in providing investment management services to public agencies. PFM currently manage over \$21 billion in public assets, including over \$7 billion for California public agencies.

As with all money market funds and with LAIF, all expenses of the Trust are deducted from the Pool's yield. There are no out-of-pocket expenses for money invested in the Trust. The CAMP Pool is a long-established, very safe short-term investment alternative.

III. RECOMMENDED ACTION

IT IS RECOMMENDED that the Board of Directors adopt Resolution No. 2018-07, authorizing GCTD to join with other public agencies as a participant of the California Asset Management Trust, and to invest in shares of the trust and in individual portfolios.

Concurrence:



Steven P. Brown
General Manager

RESOLUTION NO. 2018-07

A RESOLUTION OF THE BOARD OF DIRECTORS OF GOLD COAST TRANSIT DISTRICT AUTHORIZING THE DISTRICT TO JOIN WITH OTHER PUBLIC AGENCIES AS A PARTICIPANT OF THE CALIFORNIA ASSET MANAGEMENT TRUST AND TO INVEST IN SHARES OF THE TRUST AND IN INDIVIDUAL PORTFOLIOS

WHEREAS, Section 6509.7 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the “Joint Exercise of Powers Act”) provides that, if authorized by their legislative or other governing bodies, two or more public agencies that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power;

WHEREAS, under Sections 6500 and 6509.7(b) of the Joint Exercise of Powers Act, a “public agency” includes, but is not limited to, any California county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission, state department or agency, any joint powers authority formed pursuant to the Joint Exercise of Powers Act by public agencies or any nonprofit corporation whose membership is confined to public agencies or public officials;

WHEREAS, public agencies that constitute local agencies, as that term is defined in Sections 53600 of Title 5, Division 2, Part 1, Chapter 4, Article 2 of the Government Code of the State of California (the “California Government Code”), are authorized pursuant to Section 53601(p), to invest all money belonging to, or in the custody of, a local agency not required for its immediate need in shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 of the California Government Code that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive, of Government Code Section 53601;

WHEREAS, the California Asset Management Trust (the “Trust”) was established, pursuant to and in accordance with the Joint Exercise of Powers Act, by a Declaration of Trust, made as of December 15, 1989, as subsequently amended from time to time (the “Declaration of Trust”), as a vehicle for public agencies to jointly exercise their common power to invest the proceeds of debt issues and Public Agency surplus funds;

WHEREAS, pursuant to and in accordance with the Joint Exercise of Powers Act, the Public Agency desires to join the other public agencies which are or will be Participants of the Trust by adopting and executing the Declaration of Trust, a form which is on file in the office of the [Treasurer/Finance Director];

WHEREAS, the Public Agency is a “public agency” as that term is defined in Sections 6500 and 6509.7(b) of the Joint Exercise of Powers Act and a “local agency” as that term is defined in Section 53600 of the California Government Code;

WHEREAS, the Public Agency is otherwise permitted to be a Participant of the Trust and to invest funds in the Trust and in the individual portfolios to be managed by the Investment Adviser to the Trust (“Individual Portfolios”); and

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WHEREAS, a program guide describing the Trust and the Individual Portfolios (the "Program Guide") is on file in the office of the [Treasurer/Finance Director].

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Gold Coast Transit District as follows:

Section 1. GCTD shall join with other public agencies pursuant to and in accordance with the Joint Exercise of Powers Act by executing the Declaration of Trust and thereby becoming a Participant in the Trust, which Declaration of Trust is hereby approved and adopted. A copy of the Declaration of Trust, which is available in the office of the Director of Finance and Administration shall be filed with the minutes of the meeting at which this Resolution adopted. GCTD's Board Chair is hereby authorized to execute, and GCTD's General Manager is hereby authorized to attest and deliver, the Declaration of Trust.

Section 2. GCTD is hereby authorized to purchase shares in the Trust from time to time with available funds of GCTD, and to redeem some or all those shares from time to time as such funds are needed.

Section 3. GCTD is hereby authorized to invest available funds of the Public Agency from time to time in one or more Individual Portfolios managed by the Investment Adviser to the Trust and described in the Program Guide.

Section 4. The appropriate officers, agents and employees of GCTD are hereby authorized and directed in the name and on behalf of GCTD to take all actions and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, and any changes, amendments, modifications, or waivers thereto which they, or any of them, might deem necessary or appropriate in order to accomplish the purposes of this Resolution.

PASSED AND ADOPTED THIS 11th DAY OF JULY 2018.

John Zaragoza
Board Chair

ATTEST:

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of Directors of Gold Coast Transit District at a regular meeting thereof held on the 11th day of July 2018.

Steven P. Brown
Secretary of the Board