SAMPLE

STAFF REPORT

TO: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ DATE

FROM: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

SUBJECT: Additional Investment Option

RECOMMENDATION:

 To approve [resolution/ordinance] authorizing [the] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to join with other public agencies as a Shareholder of the California Asset Management Trust, a joint powers authority (JPA), to invest in shares of the Trust and/or utilize an individual portfolio. Shareholders may choose to join as an Investor or a Participant. Both receive the same investment results, but only Participants are members of the JPA.

BACKGROUND / DISCUSSION:

 The California Asset Management Program (CAMP) was created in 1989 when two public agencies formed the California Asset Management Trust (Trust) with the objective of meeting local government investment needs at a reasonable cost. The Trust’s activities are directed by a Board of Trustees, all of whom are finance officials of California public agencies. As a result, the Trust is accountable solely to its public agency Shareholders.

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 Shareholders, the Trust was later modified to provide for the investment of operating funds and capital reserves.

 The Trust’s Cash Reserve Portfolio (Pool) is a short-term portfolio which, in order of priority, seeks to preserve principal, provide daily liquidity and earn a high level of income. The Pool is a long-established short-term investment alternative for California public agencies. In conjunction with the Pool, the Trust offers a variety of cash management tools to assist public agencies in effectively managing their cash. As of [QUARTER END DATE], the Pool has over $[X] in public agency assets under management. [CAMP representatives will provide this data.]

Some of the key benefits of the Pool, as identified within the Program Guide, 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 S&P “AAAm” rating,[[1]](#footnote-2) 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: Shareholders may make withdrawals on any business day (same-day if CAMP is notified by 11:00 a.m. Pacific Time), and there is no limit on the number of transactions.
* Competitive yields
* Unlimited investments and withdrawals
* Interest earned daily and credited monthly
* Monthly statements
* For the proceeds of tax-exempt bonds, services to help ensure compliance with the arbitrage requirements of the Internal Revenue Code of the U.S. Department of Treasury for bond proceeds including arbitrage tracking, expenditure tests, annual estimates of rebate liability and rebate calculations on Installment Computation Dates.
* [OPTIONAL, PLEASE REMOVE IF NOT APPLICABLE] For Shareholders who wish to invest funds longer term, CAMP has arranged for its Investment Adviser to invest in securities permitted by [the] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_’s investment policy or trust indenture in an individually managed portfolio. The Trust has arranged for its custodian, U.S. Bank National Association, to provide custody for assets of each individual portfolio in a separate account in [the] \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_’s name at a cost that the Trustees believe is very favorable.

CAMP is governed by a seven-member board of California public finance officials. CAMP’s Investment Adviser, PFM Asset Management LLC (PFMAM), provides day-to-day portfolio management and program administrative services. PFMAM specializes in providing investment management services to public agencies. As of [QUARTER END DATE], PFMAM manages and advises on over $[X] in public assets, including $[X] for California public agencies. [CAMP representatives will provide this data.]

# Cost

As with all money market funds, other local government investment pools (LGIPs), and LAIF (the State of California’s pooled investment fund), 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.

FISCAL IMPACT:

 Becoming a Shareholder of CAMP would allow [the] \_\_\_\_\_\_\_\_\_\_\_\_\_ to access professional investment management services in a cost-efficient manner, with the goal of further diversifying its portfolio within the constraints of California Government Code and seeking to protect principal, meet liquidity needs and enhance investment earnings over time.

1. *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*](http://www.standardandpoors.com/en_US/web/guest/home)*.* [↑](#footnote-ref-2)