



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
July 18, 2023

TOPIC: Adoption of the Resolution Authorizing the Investment of Monies into California Class Prime Fund

AGENDA TITLE:

Adopt a Resolution Authorizing the Investment of Monies in the California CLASS Prime Fund

RECOMMENDED ACTION

Adopt a Resolution Authorizing the Investment of Monies in the California CLASS Prime Fund.

DISCUSSION

The investment policy adopted on July 6, 2023 added California Cooperative Liquid Assets Security System (California CLASS) as an allowable investment instrument. The approval of this Resolution would be the final requirement to start investing of City of Santa Ana monies in the California CLASS Prime Fund. The California CLASS, sponsored by Cal Cities and the California Special Districts Association, is a local government investment pool. The investment program is a Joint Powers Authority (JPA) created pursuant to the California Joint Exercise of Powers Act and is governed by a Board of Trustees comprised of special district and city finance professionals.

The Prime Fund is managed by the California CLASS in compliance with the requirements of California law, specifically California Government Code Section 53601(p). The investment objectives of the Prime Fund are to preserve principal, provide daily liquidity, earn a competitive rate of return, and maintain a stable Net Asset Value. The Prime Fund accrues net income daily and pays net income a pro rata basis monthly.

Currently, the City participates in one other investment pool, the Local Agency Investment Fund (LAIF). While California CLASS operates in a similar manner, the short-term securities portfolio offers the opportunity to optimize interest earnings, while not sacrificing safety or liquidity of the funds. The investment committee staff conducted a thorough investigation of the proposed pool to ensure it meets the requirements of City's Investment Policy. To expand diversification of the City's investments, staff

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recommends adopting a resolution authorizing the investment of monies in the
California CLASS Prime Fund.

FISCAL IMPACT

There is no measurable fiscal impact associated with the recommendation. The
diversification of the City's investments would further enhance the safety and liquidity of
its investment portfolio.

EXHIBIT(S)

1. Resolution
2. California CLASS informational material

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Kristine Ridge, City Manager