STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: Tabatha Miller, Assistant City Manager

PREPARER: Tabatha Miller, Assistant City Manager

DATE: November 4, 2026

TITLE: **Adopt Resolution No. 267-27, Authorizing Investment of Monies in the Local Agency Investment Fund (LAIF) and Updating Authorized Officers.**

RECOMMENDATION:

It is recommended that the Council adopt Resolution No. 267-27, authorizing the City of Arcata to invest funds in the Local Agency Investment Fund (LAIF) and establishing officers authorized to deposit and withdraw City funds from the LAIF account.

INTRODUCTION:

The City has invested funds in LAIF for many years. The proposed Resolution updates the City staff who are authorized to deposit and withdraw funds from the City's account.

BACKGROUND:

LAIF, a voluntary program created by statute, began in 1977 as an investment alternative for California's local governments and special districts and it continues today. The program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office professional investment staff at no additional cost to the taxpayer.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis, and the resulting opinion is posted to the State Treasurer's Office website following its publication. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an internal audit process.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

The LAIF has grown from 293 participants and $468 million in 1977 to 2,317 participants and $29.4 billion at the end of June 2026.

DISCUSSION:

The City's investment policy objectives mirror that of the LAIF program - Safety, Liquidity and Yield, in priority order. LAIF funds may be withdrawn as needed on a same-day basis providing agencies, including the City, with greater liquidity than other investment options and earnings that are typically higher than operating bank accounts. The City's LAIF account is set up so that funds are deposited from the City's US Bank operating account to LAIF and withdrawals are exclusively deposited to the City's same US Bank operating account. Since transfers only move between city accounts, the risk of fraud is reduced in this investment account.

BUDGET/FISCAL IMPACT:

The average quarterly LAIF yields since 1977 are provided in Attachment B to the staff report. The most recent average monthly yield posted for September 2026 was 3.97%.

RECOMMENDED COUNCIL ACTION:

It is recommended that the Council adopt Resolution No. 267-27, authorizing the City of Arcata to invest funds in the Local Agency Investment Fund (LAIF) and establishing officers authorized to deposit and withdraw City funds from the LAIF account. Consent Calendar Item.

ATTACHMENTS:

A. Resolution No. 267-27, Authorizing Investment in LAIF
B. LAIF Average Quarterly Apportionment Rates