



CITY OF SANTA BARBARA

COUNCIL ACTING AS SUCCESSOR AGENCY TO THE CITY OF SANTA BARBARA REDEVELOPMENT AGENCY AGENDA REPORT

A GENDA DATE: February 7, 2012

TO: Mayor and Councilmembers

FROM: Administration Division, Finance Department

SUBJECT: Authorization To Invest Redevelopment Successor Agency Funds In The State Of California's Local Agency Investment Fund (LAIF)

RECOMMENDATION:

That Council, acting as the Successor Agency to the City of Santa Barbara Redevelopment Agency, adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara, Acting as Successor Agency to the City of Santa Barbara Redevelopment Agency, Authorizing the Investment of Monies of the Successor Agency of the City of Santa Barbara Redevelopment Agency in the State of California's Local Agency Investment Fund.

DISCUSSION:

The City's Investment Policy currently authorizes the investment of City and Redevelopment Agency funds in the State of California's Local Agency Investment Fund (LAIF), a multi-billion dollar money market fund run by the State Treasurer's office for the benefit of the State and local governments. The City has been using LAIF as the primary short-term investment vehicle for both the City and the Redevelopment Agency for more than two decades. Pursuant to State law, LAIF account balances are limited to \$50 million and LAIF offers very competitive returns with same-day availability. That is, the City can deposit or withdraw funds from LAIF on a same-day basis according to daily cash flow needs.

Under Assembly Bill 1X 26, Redevelopment Agencies were eliminated in the State of California on January 31, 2012. On February 1, 2012, all assets and obligations of the former redevelopment agencies, excluding assets and obligations associated with the affordable housing program, were transferred to successor agencies for the purpose of winding up the affairs of the agency and payment of enforceable obligations, including debt service and other contractually obligated costs. Housing assets and obligations, excluding the low and moderate income housing fund, were transferred to the City as the successor housing agency.

On January 25, 2012, the City received notification from the State of California Treasurer's Office that after January 31, 2012, the Redevelopment Agency LAIF account might no longer be accessible. As a conservative measure earlier this year, all Redevelopment Agency and Redevelopment Agency Housing cash balances, previously held in the Redevelopment Agency LAIF account, were temporarily pooled in the City's LAIF account until clear direction on the status of redevelopment LAIF accounts was issued.

The letter from the State Treasurer's Office also indicated that LAIF guidelines require a resolution from the governing body of the successor agency in order to create a new LAIF account for the successor agency. The recommendation will adopt a resolution authorizing the City of Santa Barbara, Acting as Successor Agency to the City of Santa Barbara Redevelopment Agency, to establish the new LAIF account for the deposit of all City of Santa Barbara Redevelopment Agency funds, excluding the funds formerly held in the low and moderate income housing fund, and will name the City Administrator, the Finance Director and the Treasury Manager as the positions authorized to conduct business with LAIF on behalf of the successor agency. These are the same positions currently authorized by the City's Investment Policy to transact business with LAIF on behalf of the City and the former Redevelopment Agency.

ATTACHMENT: Letter Dated January 25, 2012 from the Office of the State Treasurer to State LAIF Participants

SUBMITTED BY: Jill Taura, Treasury Manager

REVIEWED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office

OFFICE OF THE TREASURER

P. O. BOX 942809
SACRAMENTO, CA 94209-0001



January 25, 2012

Dear LAIF Participant:

As you know, as a result of AB x1 26 and the recent Supreme Court decision, redevelopment agencies will no longer exist as of January 31, 2012. Your agency maintains an account with the Local Agency Investment Fund (LAIF), managed by the State Treasurer's Office. Our policies require that no transactions can be processed in LAIF accounts without evidence that the individual requesting the transaction is authorized by the agency on whose behalf the request is made. Specifically, we require a resolution, bank and authorization form.

We believe it is important that you are aware of these requirements as you wind down your operations and transition to the successor entity. Please provide us with information regarding the identity of the successor entity that will be taking over your agency's operations and contact information for a person at the successor entity we can work with to get new authorization documents in place as soon as possible.

You and your successor entity should be aware that without appropriate documentation in place, transactions in the LAIF account for your agency, or as it is taken over by the successor entity, cannot be processed.

It is important that you immediately send a letter that states what your successor entity is and the above mentioned supporting documentation to the State Treasurer's Office. Please do this for each account you have in LAIF, including any bond accounts. This material should be sent to:

**Local Agency Investment Fund
California State Treasurer's Office
PO Box 942809
Sacramento, CA 95814
Attention: RDA Coordinator**

If you have questions on this, please contact the LAIF staff at 916/653-3001.

Thank you,

Daniel S. Dowell
Director, Investment Division