



## **CITY OF MENIFEE**

---

SUBJECT: Participation in the California Asset Management Program Investment Program

MEETING DATE: December 6, 2023

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Deputy Finance Director

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Rebekah Kramer, Acting City Manager

---

### **RECOMMENDED ACTION**

1. Adopt a resolution authorizing the City of Menifee to participate in the California Asset Management Program (CAMP) and authorize City Manager or designee to execute any related agreements and documents.

### **DISCUSSION**

Pursuant to the City of Menifee's Investment Policy No. CC-11 ("Policy"), the City's investment operations are under the direction of the City Treasurer, currently designated as the Chief Financial Officer (CFO). Regular reporting in the form of a Treasurer's Report is presented via a regular staff item included the regular City Council meetings throughout the year. Pursuant to the Policy, the City of Menifee will foster a prudent and systematic investment program designed to seek the City of Menifee's objectives of safety, liquidity, and return through a diversified investment portfolio. Historically, and at present, the City's investment composition includes investment in the Local Agency Investment Fund (LAIF), and the engagement of Chandler Asset Management and Piper Sandler & Co. for other investments. Staff has identified an opportunity to further diversify the current investment portfolio, by participating in the California Asset Management Program (CAMP). At the present, the City holds a portion of its cash within a savings account with the City's banking institution, U.S. Bank, with a current balance at 10/31/2023 of just over \$35 million. While the savings account does offer 1.15% in interest, staff recommends exploring moving some of this balance to other investment opportunities, analyzing this against anticipated cash flow needs.

CAMP is a California Joint Powers Authority (JPA) established in 1989 to provide California public agencies with professional investment services. 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. Initially, CAMP 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 program was later modified to provide for the investment of operating funds and capital reserves.

The CAMP 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. As of November 2023, CAMP includes approximately 324 participants and/or shareholders. The investment portfolio presently stands at approximately \$13.9 billion. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p) and specific to the City's Investment Policy participation in CAMP is permitted under Section 14, under *Local Government Investment Pools*.

Agencies can participate in CAMP as either an "Investor" or an actual JPA "Participant". As an Investor, the City would sign an Investor Agreement and be a non-voting shareholder, utilizing the pool strictly as an investment vehicle. Alternatively, with approval by resolution of the City Council, as a Participant the City would have voting authority on programmatic changes such as: CAMP's Investment Policy, other governing documents and election of Trustees.

Staff recommends that the City of Menifee open a CAMP Pool account as a JPA Participant 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. A portion of the operating funds held by U.S Bank would also be transferred to CAMP and/or LAIF. 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 the City of Menifee.

The Finance Committee reviewed the proposed participation in the CAMP program at the November 7, 2023 Committee meeting, and made a recommendation for the City Council to approve participation in the CAMP program as a participant.

## **STRATEGIC PLAN OBJECTIVE**

Regular City Business

## **FISCAL IMPACT**

Should the City Council approve participation in CAMP, the City would potentially expand its return on investments, by strategizing investments against cash flow needs, and seeking wherever possible to maximize returns in fiscally sound investments. The City's current savings account offers a 1.15% interest rate, LAIF's most current rate is 3.534%, and CAMP's rate is 5.56%, providing the opportunity to increase returns. As with all money market funds and with LAIF, all expenses of participation are deducted from the Pool's yield. There are no out-of-pocket expenses for money invested. The CAMP Pool is a long-established, very safe, short-term investment alternative.

**ATTACHMENTS**

1. Resolution
2. Exhibit A – Declaration of Trust