

LOCAL INVESTMENT ADVISORY BOARD

901 P Street, Room 102

Sacramento, CA 95814

Minutes

Wednesday, November 13, 2024

The meeting was called to order at 1:38 p.m.

Board Members Present: John Sheldon for State Treasurer Fiona Ma
Walter Hall

Mario Ignacio

Amy Lee

Board Member Absent: Rafi Manoukian

Staff Present: William Pahland, General Counsel
Jeff Wurm, Director of Investment Division
Kim McCorstin, Assistant Director of Investment Division
Lily Osorio, LAIF Administrator
Nicole Milliron, LAIF Operations Manager
Janice Hayashi, Associate Treasury Program Officer

Mr. Sheldon declared a quorum at 1:39 p.m.

Action Item: Approval of Minutes from October 23, 2023

Mr. Sheldon asked for public comments; there were none. Mr. Ignacio moved to approve the minutes for the October 23, 2023 meeting. Upon a second by Mr. Hall, the motion passed 4-0 with the following votes: Mr. Sheldon: aye; Mr. Hall: aye; Mr. Ignacio: aye; Ms. Lee: aye.

Action Item: Application for Participation in LAIF by Quasi-Governmental Agency (QGA)

Ms. Milliron presented the staff report and recommended the approval of Friends of the Western Shasta Conservation District, NEW Academy, Roads Education Organization, and SDSU Mission Valley Enterprises as quasi-governmental agencies for LAIF participation.

Mr. Sheldon asked for public comments; there were none. Mr. Ignacio asked to confirm that the applications have been reviewed and if the charter schools are different from past requests. Mr. Pahland confirmed that he reviewed them and has no objection to approve the requests. Ms. Milliron added that there are three active charter schools currently in LAIF. Ms. Lee asked if there was information on the overall size of the annual budget or operating costs for Friends of the Western Shasta Conservation District. Ms. Milliron responded that we do not ask about an agency's financial situation. Mr. Sheldon followed up by asking if they would deposit interest and dividends from the endowment into LAIF and if there are any other similar agencies in LAIF. Ms. Milliron stated that the agency does not plan to deposit the principal at this time and there are currently no other accounts with a similar structure.

Mr. Sheldon asked where NEW Academy was located and if all charter schools are considered non-profit. Ms. Milliron stated that they are a part of the Los Angeles County Unified School District. Mr.

Pahland clarified that charter schools can be formed as for profit as well, but they have similar operating roles as government entities. Mr. Sheldon asked if SDSU Mission Valley Enterprises plans to invest more into LAIF after their initial deposit. Ms. Milliron stated that they have not indicated but they can invest up to \$75,000,000.00.

Mr. Hall moved to approve the Quasi-Governmental Agency applications. Upon a second by Mr. Ignacio, the motion passed 4-0 with the following votes: Mr. Sheldon: aye; Mr. Hall: aye; Mr. Ignacio: aye; Ms. Lee: aye.

Information Item: 2025 Local Agency Investment Fund (LAIF) Webinar

Ms. Osorio presented the details for the annual LAIF Webinar scheduled for February 13, 2025 at 10:30 a.m. Treasurer Ma will begin the webinar by welcoming all guests, Ms. Lindsey Piegza from Stifel Financial will present an economic outlook, and the Investments Division management team will present the Pooled Money Investment Account (PMIA) and LAIF performance reports. Ms. Osorio also announced that registration is set to open November 14, 2024.

Mr. Sheldon asked for public comments; there were none.

Ms. Lee asked if the webinar is open just to members. Ms. Osorio responded that it is open to the public and will be posted on the website. Ms. Lee asked what happened to the conference that was supposed to take place on November 14, 2024. Ms. Osorio responded that it did not work out due to multiple factors.

Information Item: Overview of PMIA and LAIF Operations

Ms. McCorstin presented the PMIA performance summary as of September 30, 2024. The total portfolio amount was \$161.570 billion, LAIF represented approximately 12.05% of the PMIA, the daily rate was 4.576%, the quarter to date was 4.556%, the year to date was 4.556%, and the average life of the portfolio was 231 days.

Ms. Milliron presented an overview of LAIF Operations. As of September 30, 2024, LAIF's deposits totaled \$19.573 billion with 2,340 LAIF participants. LAIF finalized four quarterly apportionment rates subsequent to the most recent board meeting held on October 23, 2023. The two most recent quarterly apportionment rates include the quarter ending June 30, 2024 which had an apportionment rate of 4.55% with administrative costs equaling 0.16% of earnings, and the quarter ending September 30, 2024, which had an apportionment rate of 4.71% with administrative costs equaling 0.26% of earnings. The average number of LAIF Online transactions for September was 27 transactions per day or 71% of total daily transactions.

Mr. Hall asked why the deposits from LAIF went down even though the yield went up from 2023 to 2024. Mr. Wurm responded that a lot of things factor into it and alternative options for participants have higher yields. Ms. Lee asked for clarification that 71% of total daily transactions are LAIF Online transactions and if there was anything that could be done to increase the percentage. Ms. Milliron stated that LAIF Online is a tool that people are comfortable using and LAIF is consistently receiving new requests for people to join LAIF Online. Mr. Hall asked if the cutoff time for LAIF transactions is the same for LAIF Online and phone transactions. Ms. Milliron responded that the cutoff time is the same,

but LAIF Online is available from 7:00 a.m. to 7:00 p.m. Ms. Lee asked if the yearly transaction amounts are logged. Ms. Milliron responded that it's not posted but the daily transactions are logged. Mr. Ignacio asked about the decrease in bond accounts from 2023 to 2024. Ms. Milliron stated that an agency can not redeposit into a bond account, so they are automatically closed once all of the funds are withdrawn. Mr. Sheldon asked what kind of LAIF account the 501(c)(3) accounts will be considered and if the inconsistency in administrative costs for June is due to the end of the fiscal year. Ms. Milliron stated that the 501(c)(3) accounts will be considered special districts and confirmed that the administrative costs are an estimate for the first three quarters of the fiscal year and June is the actual number. Ms. Lee proposed adding additional criteria for the quasi assessment, such as the annual operating budget of the applicants. Mr. Pahland responded that changes to the assessment will need to be approved by the board at a future meeting.

Mr. Sheldon asked for public comments; there were none.

Public Comment

Mr. Sheldon asked for public comments; there were none.

Adjournment

In the absence of further business, public comments, or concerns the meeting was adjourned at 2:16 p.m.

Respectfully submitted,

Lily Osorio
LAIF Administrator