



Frequently Asked Questions about LAIF

LAIF Account

1. What entities are permitted to invest in LAIF?
Local governmental units, nonprofit corporations whose membership is confined to public agencies or public officials, and qualified quasi-governmental agencies can invest in LAIF. (Government Code Section 16429.1)
2. Does LAIF allow multiple accounts and subaccounts for each participating agency?
No. However, agencies are permitted to open separate bond proceeds accounts.
3. What documents are required to open a LAIF account?
A Certified Board Resolution (adopted by the entity's governing body) and an Authorization for Transfer of Funds are required to open a regular LAIF account. In addition to these documents, a Bond Application and Official Statement are required to open a LAIF bond proceeds account. Please see "How to Participate" at www.treasurer.ca.gov/pmia-laif/answerbook.asp and contact LAIF staff at 916-653-3001 for more information.
4. What are the LAIF procedures for depositing and withdrawing funds?
See "Procedures for LAIF Transactions" at www.treasurer.ca.gov/pmia-laif/answer/procedures.asp.
5. How do I obtain a copy of the wiring instructions for my LAIF transactions?
Contact LAIF staff at 916-653-3001 for the wiring instructions for your bank.
6. Are there minimum and/or maximum LAIF account balance restrictions?
Yes. Regular LAIF account balances are capped at \$50 million. There is no minimum account balance requirement. Bond proceeds accounts have no deposit restrictions.
7. How many transactions are permitted each month?
Each regular LAIF account is permitted 15 transactions per month.
8. Is there a minimum and/or maximum transaction amount for deposits and withdrawals?
Yes. For regular LAIF accounts, the minimum transaction amount is \$5,000 and the maximum transaction amount is \$50 million. Bond proceeds accounts have a one-time deposit with no cap and are set-up with a drawdown schedule.
9. Does LAIF require advance notice for deposits and/or withdrawals?
No. However, for cash flow purposes, we request at least 24 hours advance notice for withdrawals of \$10 million or more.



Frequently Asked Questions about LAIF

10. Is there a cutoff time for deposits and withdrawals?
Yes. LAIF transactions completed by 10:00 a.m. Monday – Friday will receive same day credit. Also, transactions may be requested 10 calendar days in advance of the effective date.
11. Can a LAIF account remain open with a zero balance?
Yes. LAIF accounts will remain open with a zero balance unless a request is made to close the account.
12. Are confirmation numbers provided for each transaction?
Yes. Confirmation numbers are given over the phone at the time of the transaction and also are included in the monthly statements.
13. How do I request changes to my LAIF account?
Address, authorization and banking information change forms are available online at www.treasurer.ca.gov/pmia-laif/laif.asp under “Forms.” Change forms must be signed by 2 persons authorized by the agency’s resolution and then returned to LAIF. A sample resolution is also available if the authorized signers change. Please contact LAIF staff at 916-653-3001 for further assistance.
14. How do I request a copy of a statement?
Monthly statements are available online for one year under “Reporting Documents” at www.treasurer.ca.gov/pmia-laif/laif.asp. For requests beyond one year, please contact LAIF staff at 916-653-3001 for assistance.
15. Are LAIF funds borrowable?
No. “Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund 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.
 - b) Impoundment or seizure by any state official or state agency.” (Government Code Section 16429.3)
16. Will LAIF funds still be available if there is a State budget impasse?
Yes. The Court of Appeal issued a decision on the Jarvis Taxpayers Association v. Connell case on May 29, 2002 where the court held that the Controller may disburse funds during a budget impasse when the state and federal law properly authorizes or requires their payment, despite the absence of a budget act or emergency appropriation. “The right of a city, county, city and county, special district, nonprofit corporation, or quasi-governmental agency to withdraw its



Frequently Asked Questions about LAIF

deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year." (Government Code section 16429.4)

Administration

1. How much are LAIF's administrative costs?

Administrative costs are not to exceed 5% of quarterly earnings of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly earnings of the fund for the subsequent fiscal year. (Government Code Section 16429.1) These fees cover actual costs to administer the LAIF program. A history of administrative costs can be found at www.treasurer.ca.gov/pmia-laif/historical/admin_costs.asp.

2. How often are administrative fees assessed and how are they paid?

Administrative fees are assessed quarterly. For each LAIF account, these fees are deducted from quarterly earnings prior to interest posting.

3. Are there additional fees for wiring funds?

No. LAIF does not charge a fee for wires or book transfers. However, your financial institution may charge a fee for LAIF transfers.

Interest

1. What's the current interest rate on the Pool?

For current interest rates on the Pool, go to www.treasurer.ca.gov/pmia-laif/performance/PMIA-LAIF_perform.pdf.

2. What methodology is used to calculate interest (simple maturity, yield to maturity, etc.)?

Interest is calculated on a dollar-day basis to guarantee equitable distribution among all member funds.

3. How frequently is interest paid?

Interest is paid quarterly and is posted to the LAIF accounts on the 15th of the month, or previous business day if the 15th is a non-working day, after the quarter end (i.e., January 15, April 15, July 15 and October 15).

4. How are gains and/or losses reported (factored monthly or only when realized)?

Gains and/or losses are reported when realized.



Frequently Asked Questions about LAIF

Reporting

1. How often is the portfolio yield reported to participants?

The portfolio yield is updated weekly. See "PMIA/LAIF Performance" at www.treasurer.ca.gov/pmia-laif/performance/PMIA-LAIF_perform.pdf. To receive weekly electronic performance updates, please contact LAIF staff at 916-653-3001 to be added to the subscriber list.

2. Are administrative fees of the Pool deducted before quoting the yield?

No. The yield is quoted prior to deduction of administrative fees.

3. Where can I find reporting documents for the Pool?

The following reports can be found www.treasurer.ca.gov/pmia-laif/laif.asp at under "Reporting Documents": Disclosure Statements, Market Valuation, Maturity Schedule, Monthly Reports, Quarterly Reports, Annual Reports, and Independent Auditor's Report by Bureau of State Audits.

4. Is the Pool insured?

No. However, due to the portfolio's characteristics, credit risk is minimal.

Securities

1. Does the Pool provide a written statement of the PMIA Investment Policy?

Yes. A written statement of the PMIA Investment Policy can be found at www.treasurer.ca.gov/pmia-laif/answer/policy.pdf. The policy includes a description of authorized securities, credit standards of investments, allowable maturity range of investments, the maximum allowable dollar weighted average portfolio maturity, the limits of portfolio concentration permitted for each type of security, and the policy on reverse repos.

2. Is the Pool rated?

No. The Pool is not rated.

Security

1. What are the safekeeping practices of the Pool?

The Treasurer may, "place and maintain for safekeeping as a trust deposit with any qualified trust company, other than the depositor bank, or with the Federal Reserve Bank of San Francisco or any



Frequently Asked Questions about LAIF

branch thereof any securities that have been received..." (Government Code Section 16551) The Treasurer utilizes a custodian bank.

2. Is the Pool subject to audit by an independent auditor?

Yes. The Pool is audited annually by the Bureau of State Audits and the resulting opinion is posted to the website at www.treasurer.ca.gov/pmia-laif/reports/bsa.pdf.

3. Who makes the portfolio decisions?

Investment decisions are made by the State Treasurer and the Investment Division staff of the State Treasurer's Office.

4. How do the investment managers monitor the credit risk of the securities in the Pool?

A written statement of portfolio management goals, objectives and policies, along with independent market valuations, are used to monitor the credit risk of the securities in the Pool.

5. How is the Pool monitored?

The Pool is monitored by the Pooled Money Investment Board, Local Investment Advisory Board and the Bureau of State Audits to ensure compliance with written policies.

6. How often are the portfolio's market and securities value reported?

These values are reported quarterly and can be found at www.treasurer.ca.gov/pmia-laif/reports/quarterly.asp.

7. What method is used to value the portfolio?

The amortized cost and current value methods are used to value the portfolio.

8. Does the pool distribute detailed reports of its holdings?

Yes. These reports are distributed on a monthly basis and can be found at www.treasurer.ca.gov/pmia-laif/reports/monthly.asp.