Joint Powers Act and JPA Investment Pools

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What Is A JPA?

- “JPA” can refer to: Joint Powers Agreement, Joint Powers Agency and Joint Powers Authority

- JPAs are subject to California Government Code Section 6500 and following – the Joint Exercise of Powers Act

- Authorizes two or more public agencies by agreement to jointly exercise any power common to the contracting parties

- Public agency is broadly defined to include:
  - the federal government or any federal department of agency
  - any state or state department or agency
  - Counties, cities, special districts or another JPA
Why Form A JPA?

- Solve mutual problems
- Jointly construct and operate a facility
- Combine services
- Create efficiencies
- Risk Sharing
- Access to funding
How are JPAs Formed?

- There are two types of JPA structures:
  - No separate legal entity is formed, only a contract to jointly exercise common powers
  - A separate legal entity is formed under the contract to jointly exercise common powers
- The "contract" is called the Joint Powers Agreement
- The Joint Exercise of Powers Act contains requirements for the Joint Powers Agreements
- The governing bodies of the public agencies are required to approve the Joint Powers Agreement
Powers of a JPA

- When a separate legal entity is created under the Joint Powers Agreement, the JPA has the following powers:
  - Common powers of the public agencies that are parties to the Joint Powers Agreement
    - Sometimes referred to as member agencies
  - Additional Powers given to JPAs
    - under the Joint Powers Act
    - under other provisions of California law

- The Joint Powers Act requires that the Joint Powers Agreements state the power to be exercised by the JPA
Examples of JPAs

- Burbank-Glendale-Pasadena Airport Authority
- Conduit Issuer JPAs
- Insurance Pooling JPAs
- Group Purchasing JPAs
- Investment Pooling JPAs
Authority for JPAs for Investment Pooling

- Authorized by California Government Code Section 6509.7:
  - Notwithstanding any other provision of law, two or more public agencies that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power.
  - Funds invested may be invested in securities/obligations as described by California Government Code Section 53601(p):
    - 53601(p) provides for investment in shares of beneficial interest issued by a JPA organized pursuant to Section 6509.7 that invests in the securities/obligations authorized in subdivisions (a) to (r), inclusive.
    - A JPA formed pursuant to this section may issue shares of beneficial interest to participating public agencies.
  - Each share shall represent an equal proportionate interest in the underlying pool of securities owned by the JPA.
What Are My Investment Options?

- **California Joint Power Authority (JPA) investment pools**
  - California CLASS
  - CAMP
  - CalTrust

- **Money Market Funds and/or Bank Deposits**

- **LAIF**

- **Investments permitted by California Investment Code 53601**
  - Treasury and Agencies
  - Municipals
  - Commercial Paper
  - Corporate Notes

Please refer to the disclosure slide of this presentation for more information.
LGIP Advantages

- Professional management of public funds
- Access to markets not typically available to smaller entities
- High levels of liquidity
- Institutional knowledge

Purpose

The purpose of California CLASS is to provide all California public agencies with a convenient, short-term investment opportunity carefully selected to optimize interest earnings while seeking to maximize safety and liquidity.

California CLASS was created for all California public agencies.

Please refer to the disclosure slide of this presentation for more information.
### California Local Government Investment Pool Options

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<th>Cal Trust</th>
<th>LAIF</th>
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<td>Enhanced Cash*</td>
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<td><strong>Enhanced Cash</strong></td>
<td>Short term liquidity</td>
<td>Core reserve strategy</td>
<td>Short term liquidity</td>
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<tr>
<td><strong>Rating</strong></td>
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<td>AAAm</td>
<td>AAm</td>
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<td><strong>Liquidity Offered</strong></td>
<td>Daily</td>
<td>Daily</td>
<td>Daily</td>
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<td><strong>Investment Authorization</strong></td>
<td>53601</td>
<td>53601</td>
<td>16430 and 16480.4</td>
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<td><strong>Weighted Average Maturity</strong></td>
<td>60-day max</td>
<td>60-day max</td>
<td>Unlimited**</td>
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<tr>
<td><strong>Interest Paid</strong></td>
<td>Monthly</td>
<td>Monthly</td>
<td>Quarterly</td>
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<td><strong>Rate</strong></td>
<td>Calculated Daily</td>
<td>Calculated Daily</td>
<td>Calculated Daily</td>
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<td><strong>Governance</strong></td>
<td>Board of Trustees</td>
<td>Board of Trustees</td>
<td>Local Investment Advisory Board</td>
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*Offers Daily Liquidity **Currently 340 days

Source: CAMP, CalTrust, LAIF Information Statement - Please refer to the disclosure slide of this presentation for more information.
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