



## 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?

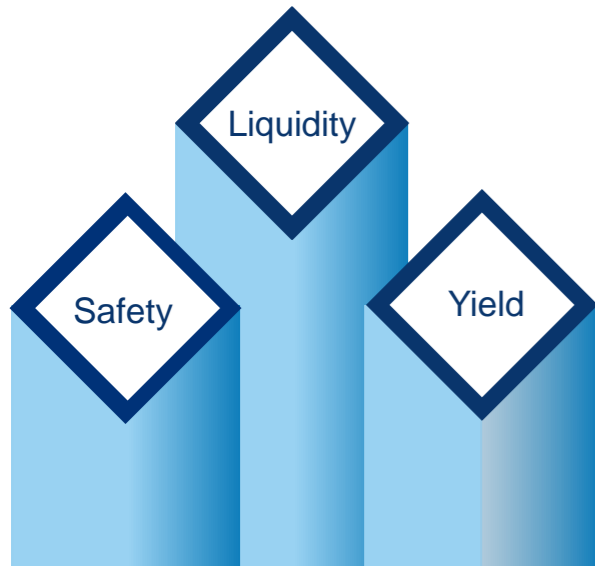
- **California Joint Power Authority (JPA) investment pools**
  - California CLASS
  - CAMP
  - CalTrust
  
- **Money Market Funds and/or Bank Deposits**
  
- **LAIF**
  
- **Investments permitted by California Investment Code 5360 I**
  - Treasury and Agencies
  - Municipals
  - Commercial Paper
  - Corporate Notes



# LGIP Advantages

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- 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

	California <b>CLASS</b>		<b>CAMP</b>	<b>Cal Trust</b>		<b>LAIF</b>
<b>Portfolio Type</b>	Prime Style MMF	Enhanced Cash	Prime Style MMF	Prime Style MMF	Enhanced Cash	Enhanced Cash*
<b>Purpose</b>	Short term liquidity	Core reserve strategy	Short term liquidity	Short term liquidity	Core reserve strategy	Short term liquidity
<b>Investment Advisor</b>	PTA	PTA	PFM	Blackrock	Blackrock	CA State Treasurer
<b>Rating</b>	AAAm	AAAf SI	AAAm	AAAm	AAf SI+	Not Rated
<b>Liquidity Offered</b>	Daily	Next Day	Daily	Daily	Next Day	Daily
<b>Investment Authorization</b>	53601	53601	53601	53601	53601	I6430 and I6480.4
<b>Weighted Average Maturity</b>	60-day max	9mos – 1.25yr	60-day max	60-day max	0-2 Year	Unlimited**
<b>Interest Paid</b>	Monthly	Monthly	Monthly	Monthly	Monthly	Quarterly
<b>Rate</b>	Calculated Daily	Calculated Daily	Calculated Daily	Calculated Daily	Calculated Daily	Posted Weekly
<b>Governance</b>	Board of Trustees		Board of Trustees	Board of Trustees		Local Investment Advisory Board

# DISCLOSURES

California CLASS is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit [www.spglobal.com](http://www.spglobal.com). California CLASS Enhanced Cash is rated 'AAAf/S1' by FitchRatings. The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit [www.fitchratings.com](http://www.fitchratings.com). Ratings are subject to change and do not remove credit risk. Past performance is no guarantee of future results. Any financial and/or investment decision may incur losses. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved.

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