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EXECUTIVE COMMITTEE

The Executive Committee, consisting of the RCA Board Chairman, Vice-Chairman, Past Chairman, and four members of the RCA Board, makes recommendations regarding personnel, administrative and financial matters, as well as provide guidance on a broad range of issues including target areas or types of habitats needed to remain in rough step. In addition, the Executive Committee may schedule Funding Coordination Committee workshops to discuss funding and acquisition strategy.

EXECUTIVE COMMITTEE **SPECIAL MEETING**

January 25, 2017 – Wednesday, at 12:00 p.m.
Western Riverside County Regional Conservation Authority
Riverside Centre, RCA Conference Room
3403 Tenth Street, Suite 320
Riverside, California 92501

EXECUTIVE COMMITTEE MEMBERS

Marion Ashley, Chairman
County of Riverside, District 5

Jonathan Ingram, Vice Chairman
City of Murrieta

Eugene Montanez, Past Chairman
City of Corona

Jeffrey Hewitt
City of Calimesa

Maryann Edwards
City of Temecula

Charles Landry, Executive Director



EXECUTIVE COMMITTEE SPECIAL MEETING AGENDA*

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*Action(s) may be taken on any item listed on the agenda. Non-exempt materials related to an item on this agenda submitted to the RCA Executive Committee after distribution of the agenda packet are available for public inspection at the RCA Offices, 3403 10th Street, Suite 320, Third Floor, Riverside, California, 92501, during normal business hours. Such documents are also available on the Western Riverside County Regional Conservation Authority website at www.wrc-rca.org subject to staff's ability to post the documents before the meeting. Alternative formats are available upon request by contacting the Clerk of the Board at (951) 955-9700. Notification of at least 72 hours prior to meeting time will assist staff in accommodating such requests.

Wednesday, January 25, 2017

12:00 P.M.

**Riverside Centre, RCA Conference Room
3403 Tenth Street, Suite 320
Riverside, CA 92501**

In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in an Executive Committee meeting, please contact the Clerk of the Board at (951) 955-9700. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT *At this time, members of the public can address the Executive Committee regarding any items within the subject matter jurisdiction of the RCA that are not separately listed on this agenda. Members of the public will have the opportunity to speak on agenda items at the time the item is called for discussion. No action may be taken on items not listed on the agenda unless authorized by law. Each individual speaker is limited to speak three (3) continuous minutes or less. Any person wishing to address the Executive Committee on any matter, whether or not it appears on this agenda, is requested to complete a Request to Speak Form available from the Clerk of the Board. The completed form is to be submitted to the Clerk of the Board prior to an individual being heard. Whenever possible, lengthy testimony should be presented to the Executive Committee in writing and only pertinent points presented orally. Any written documents to be distributed or presented to the Executive Committee shall be submitted to the Clerk of the Board.*

4. COMMITTEE MEMBER ANNOUNCEMENTS

5. ADDITIONS/REVISIONS *(The Committee may add an item to the Agenda after making a finding that there is a need to take immediate action on the item and that the item came to the attention of the Committee subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Committee. If there are less than 2/3 of the Committee Members present, adding an item requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.)*

6. **APPROVAL OF MINUTES – December 21, 2016**

7. **WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN (MSHCP) LOCAL DEVELOPMENT MITIGATION FEE (LDMF) COLLECTION AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR DECEMBER 2016**

Overview - **Staff Report**

This item is for the RCA Executive Committee to:

- 1) Recommend that the RCA Board of Directors receive and file the Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for December 2016; and
- 2) Authorize staff to agendize this matter for the February 6, 2017 meeting of the RCA Board of Directors.

8. **FISCAL YEAR 2017 SECOND QUARTER CONSULTANT REPORTS**

Overview - **Staff Report**

This item is for the RCA Executive Committee to:

- 1) Recommend that the RCA Board of Directors receive and file the Fiscal Year 2017 Second Quarter Consultant Reports; and
- 2) Authorize staff to agendize this matter for the February 6, 2017 meeting of the RCA Board of Directors.

9. **RESOLUTION NO. 2017-XXX “RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY ADOPTING A STATEMENT OF INVESTMENT POLICY”**

Overview - **Staff Report**

This item is for the RCA Executive Committee to:

- 1) Recommend that the RCA Board of Directors adopt Resolution No. 2017-XXX, *Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy*, and
- 2) Authorize staff to agendize this matter for the February 6, 2017 meeting of the RCA Board of Directors.

10. EXECUTIVE DIRECTOR'S REPORT

10.1 West of Devers Project Update

11. FUTURE AGENDA ITEMS: *(Committee members are invited to suggest additional items to be brought forward for future discussion.)*

12. CLOSED SESSION ITEMS:

12.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
Pursuant to paragraph 1 of Subdivision (d) of Government Code Section 54956.9

- **Case No. MCC1300351 JPR, Inc., dba Silverado Ranch Estates vs. California Department of Fish and Game; County of Riverside; Western Riverside County Regional Conservation Authority**

13. ADJOURNMENT

The next meeting of the Western Riverside County Regional Conservation Authority Executive Committee will be held on Wednesday, February 15, 2017, at 12:00 p.m., at the Riverside Centre, 3403 Tenth Street, Suite 320, Third Floor, RCA Conference Room, Riverside, California, 92501.

AGENDA ITEM NO. 6

MINUTES

December 21, 2016



EXECUTIVE COMMITTEE MINUTES

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1. CALL TO ORDER

The meeting of the Western Riverside County Regional Conservation Authority Executive Committee was called to order by Chairman Montanez at 12:03 p.m., Wednesday, December 21, 2016, at the RCA Conference Room, 3403 Tenth Street, Suite 320, Riverside, California, 92501.

2. ROLL CALL – was taken by Rose Haro, Administrative Manager.

COMMITTEE MEMBERS PRESENT	COMMITTEE MEMBERS ABSENT
Eugene Montanez, Chairman – City of Corona	Natasha Johnson - City of Lake Elsinore
Marion Ashley, Vice Chairman – County of Riverside District V	John Tavaglione County of Riverside District II
Jonathan Ingram, City of Murrieta	
Maryann Edwards - City of Temecula*	
Ben Benoit – City of Wildomar	

**Arrived after roll call*

3. PUBLIC COMMENTS

Chairman Montanez called for public comments regarding items not listed on the agenda. There were no public comments.

4. COMMITTEE MEMBER ANNOUNCEMENTS

Board Member Benoit announced that that he will be reassigned to RCA as an alternate Board Member. He further stated that Council Member Tim Walker will be the primary representative for RCA in 2017 for the City of Wildomar. This will be his last meeting as the primary representative.

5. ADDITIONS/REVISIONS

There were no additions/revisions to the agenda.

6. APPROVAL OF MINUTES – November 16, 2016

M/S/C (INGRAM/ASHLEY) to approve the minutes of the November 16, 2016 meeting of the Executive Committee as submitted.

(4 Ayes, 0 Nays, 0 Abstain)

7. WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN (MSHCP) LOCAL DEVELOPMENT MITIGATION FEE (LDMF) COLLECTION AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR NOVEMBER 2016

Honey Bernas, Director of Administrative Services, presented the LDMF Collection and Civic/Infrastructure Contribution Report for November 2016. The RCA received fees in the amount of \$677,273 for 265 residential permits and 22.4 commercial acres. There were 43 reported exemptions totaling \$85,656; 24 reported exemptions in the City of Lake Elsinore and 19 in the City of Temecula. There were no reported Civic/Infrastructure projects.

M/S/C (INGRAM/ASHLEY) to approve this item as recommended and authorize staff to agendize this matter to the February 6, 2017 meeting of RCA Board of Directors instead of January 9, 2017:

- 1) Recommend that that RCA Board of Directors receive and file the Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for November 2016; and
- 2) Authorize staff to agendize this matter for the January 9, 2017 meeting of the RCA Board of Directors.

(4 Ayes, 0 Nays, 0 Abstain)

8. EXECUTIVE DIRECTORS REPORT

- 8.1 Loan Program Update – Charles Landry, Executive Director, gave an update on the loan language contained in the Water Infrastructure Finance and Innovation Act (WIFIA), which is part of the Water Resources Development Act (WRDA). He said the language in the act states, “a project to prevent, reduce or mitigate the effects of drought, including projects that enhance resilience of drought stricken watersheds is eligible for loans and loan guarantees by the Federal Government.” He explained that this will provide the ability to access loans for said purposes under the WIFIA provision. He stated that RCA could apply for those funds or work in conjunction with the water districts. The RCA received support for this provision from Metropolitan Water District of Southern

RCA EXECUTIVE COMMITTEE MINUTES

Page 3 of 4

December 21, 2016

California. He advised that the Act was signed by the President of the United States on December 19, 2016. There will be other legislation being supported by the transportation piece through the WIFIA program which will continue in 2017. There will be more grants sought as opposed to loans because with a loan, there is a limit on how much can be done because there is no steady income. With the loan program being approved and funded, rules will now be drafted for how the program will be implemented. He further stated that he, RCA's Chairman, and Vice Chairman will continue their efforts in Washington, D.C. He added that this is good news regarding a new program that can be accessed.

Charles Landry, Executive Director, advised that he was in West Virginia a week ago at the U.S. Fish and Wildlife Service's Training Center to participate in the National Coalition of HCP's. This is the second year RCA participated to jointly support additional federal funding and funding sources, along with assuring that the U.S. Fish and Wildlife does not place excess regulations that will harm HCPs.

- 8.2 2017 Executive Committee Appointment by Chairman - Charles Landry, Executive Director, reminded Chairman-elect Ashley that he needs to appoint two Board Members to the 2017 RCA Executive Committee at the next RCA Board of Directors meeting.

A discussion was held concerning the lack of substantive agenda items for the January 9, 2017 Board of Directors meeting. The Executive Committee decided to cancel the January 9, 2017 meeting due to lack of substantive agenda items and move Agenda Item No. 7 on this agenda to the February 6, 2017 meeting. A second motion was taken on the item. Board Member Ingram made the motion, Board Member Ashley seconded the motion, and the motion passed unanimously.

Further discussion was held regarding moving the January 18, 2017 Executive Committee Meeting, due to lack of a quorum, to January 25, 2017. Rose Haro, Administrative Manager, advised that she would check the availability of and follow up with the Executive Committee Members.

Board Member Edwards arrived during the discussion of this item.

- 9. FUTURE AGENDA ITEMS:** *(Committee members are invited to suggest additional items to be brought forward for future discussion.)*

There were no requests for future agenda items by the Executive Committee. Chairman Montanez announced before Closed Session began that Agenda Item No. 10.1 is taken off calendar.

10. CLOSED SESSION ITEMS:

10.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to paragraph 1 of Subdivision (d) of Government Code Section 54956.9

- Case No. MCC1300351 JPR, Inc., dba Silverado Ranch Estates vs. California Department of Fish and Game; County of Riverside; Western Riverside County Regional Conservation Authority

10.2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION

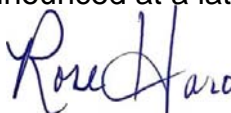
Pursuant to Government Code Section 54957

After closed session, the meeting was reconvened. There were no announcements from closed session.

11. ADJOURNMENT

There being no other items before the Executive Committee, Chairman Montanez adjourned the meeting at 12:20 p.m. The next meeting of the Western Riverside County Regional Conservation Authority Executive Committee scheduled for Wednesday, January 18, 2017, at 12:00 p.m., at the Riverside Centre, 3403 Tenth Street, Suite 320, Third Floor, RCA Conference Room, Riverside, California, 92501, is canceled. A special meeting of the Executive Committee will be announced at a later date.

Prepared by:



Rose Haro
Administrative Manager

Respectfully submitted:



Honey Bernas
Clerk of the Board

AGENDA ITEM NO. 7

**WESTERN RIVERSIDE COUNTY
MULTIPLE SPECIES HABITAT
CONSERVATION PLAN (MSHCP)
LOCAL DEVELOPMENT MITIGATION
FEE (LDMF) COLLECTION AND
CIVIC/INFRASTRUCTURE
CONTRIBUTION REPORT FOR
DECEMBER 2016**

Regional Conservation Authority

**WESTERN RIVERSIDE COUNTY
MULTIPLE SPECIES HABITAT CONSERVATION PLAN (MSHCP)
LOCAL DEVELOPMENT MITIGATION FEE (LDMF) COLLECTION
AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR
DECEMBER 2016**

Staff Contact:

**Honey Bernas
Director of Administrative Services
(951) 955-9700**

Background:

The RCA Executive Committee directed staff to report on Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contributions on a monthly basis.

Attached is the report for December 2016. The report was prepared on a cash basis and, therefore, reflects the cash received by RCA during that month.

Staff Recommendations:

That the RCA Executive Committee –

- 1) Recommend that the RCA Board of Directors receive and file the attached Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for December 2016; and
- 2) Authorize staff to agendize this matter for the February 6, 2017 meeting of the RCA Board of Directors.

Attachment

Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for December 2016

AGENDA ITEM NO. 7
Attachment

**WESTERN RIVERSIDE COUNTY
MULTIPLE SPECIES HABITAT
CONSERVATION PLAN (MSHCP)
LOCAL DEVELOPMENT MITIGATION
FEE (LDMF) COLLECTION AND
CIVIC/INFRASTRUCTURE
CONTRIBUTION REPORT FOR
DECEMBER 2016**

**MSHCP LDMF AND CIVIC/INFRASTRUCTURE CONTRIBUTION
CASH RECEIPTS DECEMBER 2016
CASH BASIS**

DEVELOPMENT FEES						
City/County	Month	REMITTED			EXEMPTIONS & FEE CREDITS	
		Residential Permits	Commercial/Industrial Acres	Amount Remitted	Residential Permits	Amount
City of Banning	November - No Activity					
City of Beaumont	November	51	4.34	\$94,689		
City of Calimesa	November	1		\$1,992		
City of Canyon Lake	November - No Activity					
City of Corona	November paid in January					
City of Eastvale	November	3		\$5,976		
City of Hemet	November - No Activity					
City of Jurupa Valley	November	58	5.44	\$152,419		
City of Lake Elsinore	November Summerly Project ¹ Pardee-Grossman ²	1	0.01	\$2,034	22 125	\$43,824 \$249,000
City of Menifee	November	23	0.05	\$46,145		
City of Moreno Valley	November	8		\$15,936		
City of Murrieta	November - No Activity					
City of Norco	November - No Activity					
City of Perris	November	28		\$55,776		
City of Riverside	October	22		\$31,635		
	November	124		\$149,735		
City of San Jacinto	November	18		\$35,856		
City of Temecula	November	1		\$1,992		
City of Wildomar	November	23		\$45,816		
County of Riverside	December	56		\$111,552		
Total Development Fees		417	9.83	\$751,553	147	\$292,824

CIVIC AND INFRASTRUCTURE PROJECTS		
City of San Jacinto	City Solar Project 1.15 Acres	\$7,797
Riverside County Flood Control and Water Conservation District	University Wash Channel Stage 3 - 3% MSHCP Fee	\$91,335
Total Civic/Infrastructure Remitted		\$99,132

TOTAL RECEIPTS - DECEMBER 2016 \$ 850,685

1) Summerly Project - Development agreement dated 8/24/04. Expiration date 9/23/14. Under review.

2) Pardee Grossman/Cottonwood Canyon Development Agreement - Development Agreement dated 7/9/1990. Expiration date 7/9/2010. Amended January 2010 extending term to 7/1/2030. Under review.

AGENDA ITEM NO. 8

FISCAL YEAR 2017 SECOND QUARTER CONSULTANT REPORTS

Regional Conservation Authority

**FISCAL YEAR 2017 SECOND QUARTER
CONSULTANT REPORTS**

Staff Contact:

**Charles Landry
Executive Director
(951) 955-9700**

Background:

Attached are the Fiscal Year 2017 Second Quarter Consultant Reports for Dudek, Geographics, Kadash & Associates, LLP, Riverside County Regional Park and Open-Space District, Santa Ana Watershed Association.

Staff Recommendations:

That the RCA Executive Committee –

- 1) Recommend that the RCA Board of Directors receive and file the Fiscal Year 2017 Second Quarter Consultant Reports; and
- 2) Authorize staff to agendize this matter for the February 6, 2017 meeting of the RCA Board of Directors.

Attachments:

Fiscal Year 2017 Second Quarter Consultant Reports

- Attachment 1 – Dudek
- Attachment 2 – Geographics
- Attachment 3 – Kadash & Associates, LLP
- Attachment 4 – Riverside County Regional Park and Open-Space District
- Attachment 5 – Santa Ana Watershed Association

**AGENDA ITEM NO. 8
ATTACHMENT 1**

DUDEK

**CONSULTANT REPORT
DUDEK
FISCAL YEAR 2017 SECOND QUARTER REPORT**

Report Covers Period: 10/01/17 to 12/31/16

Services Provided During Current Work Period:

Joint Project Reviews

As part of our ongoing duties related to MSHCP implementation for the RCA, Dudek continued to provide review of biological reports, analysis and submittals related to Joint Project Reviews (JPRs) submitted by Permittees. Dudek reviewed and completed several JPRs for Permittees in this reporting period.

Permittee Trainings and Support

Dudek assists the RCA in providing training and support to Permittees on MSHCP implementation. These training sessions are provided once or year or upon request and include an overview of the MSHCP, RCA responsibilities, Permittee responsibilities, rough step, JPR process, required surveys and mitigation, CEQA documents, changes to the MSHCP, reserve lands, and the Wildlife Agencies' role. Discussion of unique circumstances for each Permittee is also provided in the training. Trainings sessions were held for Permittees and consultants during the third quarter of 2016 and will be held again, at a minimum, during the third quarter of 2017.

Dudek staff continued to provide ongoing support and attended meetings with Permittees on MSHCP implementation and compliance questions. Dudek fields questions on an ongoing basis related to either new projects or ongoing projects, both inside and out of the criteria area.

Monthly meetings with the County Environmental Planning Department (EPD) have resumed as of January 2016. These meetings are a forum to discuss upcoming or ongoing County HANS/JPRs, conservation criteria, and other Permittee requirements to facilitate MSHCP consistency. Meetings with EPD this quarter were held on November 2, and December 7, 2016.

Wildlife Agency Coordination and Meetings

Dudek attended two monthly meetings with the U.S. Fish and Wildlife Service (USFWS) and California Department of Fish and Wildlife (CDFW) staff hosted by the RCA. Duties included coordinating with attendees and review of materials ahead of the meeting. Meetings with the Wildlife Agencies this quarter were held on October 20, and November 17, 2016. The December meeting was cancelled. Miscellaneous discussions included possible need to revise Perris Dam Remediation PSE 13-02-21-01, Villages of Lakeview DEIR comments, the Elmore Property, Cajalco Road jurisdictional delineation, Mexico Café JPR, Corona 720 Criteria Refinement, and the Moon Nursery project. The November meeting also included a presentation to USFWS management regarding the MSHCP and its implementation.

Dudek also participated in three Pre-Application Meetings with the U.S. Army Corps of Engineers, Regional Water Quality Control Board, CDFW, and USFWS staff. Projects represented by Permittees and/or the project representatives are presented for consideration. The various regulatory agencies and RCA discuss, review, and seek solutions to issues related to permitting and MSHCP compliance. The review and analysis presented in these meetings is often subject to MSHCP Consistency review which is part of Dudek's role with the RCA. Meetings with the regulated waters Permitting Agencies this quarter were held on October 12, November 9, and December 14, 2016. At the pre-application meetings, Dudek also participated in discussions regarding San Jacinto River Stage III, Santa Ana River Trail (State Parks segment), Santa Margarita Water Quality Improvement Plan, the hydrology of Warm Springs Creek, San Timoteo Foothills Storm Drain, the Sunnymead project, Lake Elsinore mitigation site, and Lakeview Villages dredge and fill issues.

Also in this reporting period, Dudek provided documentation and support to CDFW and USFWS related to ongoing projects and questions on MSHCP implementation.

RCA Support

Dudek staff provided various forms of analysis and provided staff support by attending meetings, conference calls and conducting research via email related to ongoing and past projects. During this reporting period, Dudek was involved in discussions on various projects, as described above. Furthermore, miscellaneous projects discussed in more detail included, but were not limited to: San Jacinto Wildlife Area, Riverpark Mitigation Bank, Olsen Canyon JPR and Criteria Refinement, and the DeLuz (Walker Hills) JPR.

The last year of monitoring for the Munz's Onion relocation effort was completed in the First Quarter of this fiscal year. The results of the monitoring effort were incorporated into a final report that was submitted to the RCA on December 5, 2016.

Participating Special Entities

Dudek staff provided support and coordination related to pending and existing Participating Special Entities (PSE). Issues related to several ongoing Southern California Edison (SCE) projects and the MSHCP are ongoing and require support related to MSHCP implementation. The biggest effort was on the West of Devers Upgrade Project PSE application and numerous supporting documents that were reviewed with Consistency Findings issued on December 26, 2016.

SCE submitted an informal PSE application for the Valley South System Project to RCA on January 4, 2016. The comments were sent to SCE via email on March 20, 2016 (BUOW DBESP) and May 23, 2016 (BTR). No further coordination has occurred with SCE; therefore, as of this reporting period, this PSE process is still on hold.

A formal PSE application was submitted for the SCE Valley-Ivyglen Subtransmission Line Phase 2 (VIG2) on March 29, 2016, although GIS files were not provided until April 6. Revised reports (Riparian/Riverine Determination of Biologically Equivalent or Superior Preservation, and Additional Reserve Lands and Public/Quasi-Public Equivalency Analysis) were submitted June 6, 2016. RCA sent comments to SCE re: two (2) outstanding concerns and one (1) report correction on August 26, 2016. RCA is waiting for SCE to resolve the remaining issues before proceeding with PSE Findings. To date, it appears that the line has been relocated in some areas that may address the two outstanding concerns. SCE does not plan to resubmit for VIG2 until late 2017. Furthermore, the already approved VIG1 PSE may need to be revised due to changes that CPUC

required to the project during the CEQA process, including undergrounding the entire length of the segment along SR-79.

The other PSE application that may be submitted formally or informally in late 2017 or 2018 is for the Alberhill System Project.

Management Support

In partnership with the USFWS and the San Diego Zoo Institute for Conservation Research, Dudek staff assisted in the preparation of a California Energy Commission (CEC) grant proposal titled “Assessing California’s mitigation guidelines for burrowing owls impacted by habitat development and project activities: better science, better conservation, better economic outcomes.” The study will provide information on the effectiveness of burrowing owl relocations in southern California and within the Plan area, and will support the RCA’s burrowing owl management objectives. Work is still ongoing, including planning meetings, site selections, and telemetry tag testing.

**AGENDA ITEM NO. 8
ATTACHMENT 2**

GEOGRAPHICS

**CONSULTANT REPORT
GEOGRAPHICS
FISCAL YEAR 2017 SECOND QUARTER REPORT**

Report Covers Period: 10/1/16 – 12/31/16

Services Provided During Current Work Period:

Public Information and Branding Services
Website Updating and Hosting

Branding Services:

Work continued on the banner featuring species that is targeted to school-age children.

Website Hosting:

Geographics provided secure hosting with automatic backups for all three months of the quarter.

Website Updates:

- During the second quarter, Geographics continued testing and resolving link issues on the new server and archives.

**AGENDA ITEM NO. 8
ATTACHMENT 3**

KADESH & ASSOCIATES, LLP

**CONSULTANT REPORT
KADESH & ASSOCIATES
FISCAL YEAR 2017 SECOND QUARTER REPORT**

Report Covers Period: 11/1/16 to 12/31/16

Intro:

Having previously worked for Rep. Ken Calvert for the last 24 years, I am very familiar with the work of the RCA, its MSHCP and its integral relation to the Riverside County Integrated Plan. As a new Principal with Kadesh & Associates as of November 2, 2016, I am proud to work with and for the RCA as it achieves its goals for the people of Riverside County.

Legislation:

The latter months of 2016 saw the final passage into law of the WRDA/WIIN (Water Resources Development Act/Water Infrastructure Improvements for the Nation) legislation, which included the RCA's long-sought legislative language enabling projects which improve "drought resilience" to be eligible for WIFIA (Water Infrastructure Finance and Innovation Act) funding. This loan authority is conservatively estimated by EPA to provide a 50:1 end user benefit to facilitate water projects, which may now include applications beneficial to HCPs.

DC Fly-In and Advocacy:

We helped to plan, coordinate and participate in a DC Fly-In of RCA principals to include meetings with House and Senate Members and staff both in the personal offices of supportive Members and in the relevant and helpful Committee offices. We prepped these offices with material prior to the visits and followed up with them and other Leadership offices urging passage of WRDA/WIIN with the drought resiliency language included.

Training and Coalition Building:

I attended a three-day MSHCP coalition, training and best-practices exercise at the US Fish & Wildlife training facility in Shepherdstown, W.VA. I co-lead the Government Advocacy panel and have subsequently been involved in developing and executing the Coalition's government outreach and advocacy strategy.

Conclusion of 114th Congress, Transition, 115th Congress and Preparation for 2017:

We kept the RCA informed of post-election developments both in the Congress and in the incoming administration that may affect RCA's interests and programs.

December legislative high notes --

Continuing Resolution funding the Federal Government to the end of April, 2017 passed the US House on 12-8-16 by 326-96 and the US Senate on 12-9-16 by 63-36. WRDA/WIIN passed and signed into law.

With the Senate adjourning on December 10, 2016, the 114th Congress adjourned sine die (i.e. “without a date”) to return on January 3, 2017. All 435 Members of the House were sworn in on January 3, as well as the 34 new and reelected Members of Class II of the US Senate. Donald Trump will be sworn in as the 45th President on Friday, January 20, at noon.

The Senate plans to be in session all four weeks of January and the House will be in for three of them. (While the House is not formally in session the week of January 15, it is expected that most or all of them will be in Washington for the inaugural on Friday of that week.) The Senate will be 52 R and 48 D (including two Independents who caucus with the Democrats). The House will be 241 R to 194 D. Highlighting that January in the Senate will be dominated by the confirmation process, six cabinet-level confirmation hearings are to be held on one day (Jan. 11), the most on one day since 2001.

Full Committee Membership on the Senate Committee on Environment and Public Works:

Majority –

John Barrasso, (WY), Chairman

James Inhofe (OK)

Shelley Moore Capito (WV)

John Boozman (MT)

Roger F. Wicker (MS)

Deb Fischer (NE)

Jeff Sessions (AL)

Jerry Moran (KS)

Mike Rounds (SD)

Joni Ernst (IA)

Dan Sullivan (AK)

Minority

Thomas R. Carper (DE), Ranking Member)

Benjamin L. Cardin (MD)

Bernard Sanders (VT)

Sheldon Whitehouse (RI)

Jeff Merkley (OR)

Kirsten Gillibrand (NY)

Cory A. Booker (NJ)

Edward Markey (MA)

Tammy Duckworth (IL)

Kamala Harris (CA)

California Senate Committee Assignments and Personnel Decisions --

SENATOR KAMALA HARRIS:

Senate leadership assigned Sen. Kamala Harris to four Senate committees:

Homeland Security and Government Affairs;

Environment and Public Works;

Senate Select Committee on Intelligence; and the

Budget Committee.

In a public statement, Sen. Harris said: "These four committees will be key battlegrounds in the fight for the future of our country. At a time when so many Californians and Americans are uncertain about our future, I will aggressively fight for our families and the ideals of our nation. No state will be more impacted by any potential changes to federal immigration policy than California, and I look forward to zealously protecting our state's interests on the Homeland Security Committee. California also is a world leader on climate change policy, and I will fight hard against attempts to roll back key environmental protections on the Environment and Public Works Committee. As our country faces major intelligence challenges and cybersecurity threats, I will fight for our security, our civil rights, and our liberties on the Intelligence Committee. And, on the Committee on Budget, I will fight to preserve the Affordable Care Act to protect health care access for all Americans."

Sen. Harris has named several critical staff selections:

Nathan Barankin as Chief of Staff.

In a public statement, Sen. Harris said, "Nathan has been my trusted advisor and right hand for many years in the Attorney General's office. He is an exceptional lawyer, legislative expert, and career public servant. He has served three different Attorneys General of California in executive roles and has worked as a constitutional litigator and an advisor to the California Senate leadership for many years. I look forward to continuing to work with Nathan in the United States Senate." (Barankin has been chief deputy attorney general under Harris for the past four years, managing the department's nearly 5,000 employees, including 1,100 lawyers.)

Julie Chavez Rodriguez to serve as State Director.

In a public statement, Sen. Harris said, "I am thrilled that Julie has agreed to continue her service to our state and nation as my State Director. Julie has been a leader in this state and across the country fighting to advance policies to help Californians. From her leadership at the Cesar Chavez Foundation to the years she has spent organizing groups and communities in support of President Obama's agenda. She most recently served in the White House as Principal Deputy Director of Public Engagement, Senior Policy Advisor, and Special Assistant to President Obama. Julie oversaw White House engagement with Immigration, Muslim, AAPI, Latino, Veterans, Youth, LGBTQ, Education, Labor, and Progressive communities. She is a graduate of UC Berkley and a daughter of the Central Valley. She grew up in a family steeped in the tradition of union organizing and civil rights leadership and is a granddaughter of Cesar E. Chavez."

Clint Odom to serve as Legislative Director.

In a public statement, Sen. Harris said, "I'm thrilled that Clint has decided to join our team and I look forward to our work together." He previously served as Democratic General Counsel and Policy Director for the U.S. Senate Committee on Commerce, Science, and Transportation; as Senator Bill Nelson's Deputy, Legislative Director; and at the Federal Communications Commissions. He is a graduate of Louisiana State University and the University of Pennsylvania Law School.

Other hires include:

Lily Adams as her Communications Director.

Dwayne Paige as her Administrative Director.

Rohini Kosoglu to be her Deputy Chief of Staff.

SENATOR DIANNE FEINSTEIN:

Senator Dianne Feinstein is now eighth most senior in the Senate.

She will be taking over as the Ranking Minority Member on the Senate Judiciary Committee. She will continue to serve on the Appropriations Committee. In 1991 she was the first woman appointed to the Judiciary Committee which will serve as a key locus of confirmation issues, starting with the Attorney General nomination, at least one Supreme Court nomination and over 100 pending federal judicial vacancies.

Sen. Feinstein also announced two major staff changes, both effective as of January 9, 2017.

Her current Chief (since 2013), **Jennifer Duck** will take over as the Chief of Staff for the Minority on the Senate Judiciary Committee.

Long-serving Capitol Hill aide **Steve Haro** was announced to take over as Feinstein's Chief of Staff.

Per public statements, Duck has served as Feinstein's chief of staff since June 2013. Before that, she served as vice president of government relations and corporate leadership for Pfizer. Prior to Pfizer, Duck served as staff director and chief counsel to Feinstein on the Senate Judiciary Committee. She also worked as counsel to former Democratic Leader Senator Tom Daschle (D-S.D.); counsel to Senator Ted Kennedy (D-Mass.) on the Senate Health, Education, Labor and Pensions Committee; and senior policy advisor for the Senate Democratic Policy Committee.

In a public statement, Sen. Feinstein said, "Jennifer Duck is well-suited to serve as my lead staffer on the Judiciary Committee. She not only has significant experience in the public and private sectors, she also has worked on the Judiciary Committee in the past during key administration and judicial confirmations. I trust her counsel and look forward to working with her as ranking member of the Judiciary Committee."

Per public statements, Steve Haro joins Senator Feinstein's office from the Department of Commerce, where he serves as assistant secretary for legislative and intergovernmental affairs. Prior, he served as chief of staff to Martin Heinrich (D-N.M.) in both the Senate and House of Representatives and also served as Western regional political director and national Hispanic outreach coordinator for the Democratic Congressional Campaign Committee, and served in various senior positions for Rep. Xavier Becerra.

In a public statement, Sen. Feinstein said, "I'm pleased to welcome Steve Haro to my personal office. He has a long history of key positions in Washington, and his familiarity with California will be a significant asset. Steve will be supervising a staff of more than 70 in five offices in Washington and California, and I will rely on his experience to keep the operation running steadily and build on our successes to help the people of California."

Questions and Comments:

It is the pleasure of Kadash & Associates to serve the RCA. If this report generates any questions, please direct them to Dave Ramey at 202-549-1519 or dave@kadashdc.com.

Thank you.

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**AGENDA ITEM NO. 8
ATTACHMENT 4**

**RIVERSIDE COUNTY
REGIONAL PARK and
OPEN-SPACE DISTRICT**

**CONSULTANT REPORT
RIVERSIDE COUNTY PARKS AND OPEN-SPACE DISTRICT
FISCAL YEAR 2017 SECOND QUARTER REPORT**

Report Covers Period: 10/01/16 – 12/31/16

Services Provided During Current Work Period:

184 Work Release Program hours were utilized during the Second Quarter of FY2017

Patrol/Access Control/Maintenance

General

Staff participated in the Second Annual Thompson Middle School Eco Fair. Two tables were set up, and the students received information on local conservation efforts and covered species. They also got the chance to use the peeper scope, radio telemetry and observe fairy shrimp under a stereo microscope.

WCB signs were fabricated and installed on the Dyer Wynn, McCormick and Lloyd properties.

Gavilan HMU

Toscana Phase 2: Staff completing a fencing project on the new property. Five hundred feet of fencing was reinforced to prevent vehicle access into the Reserve. Reinforcement was thorough, as the area has a long history of fences and gates being damaged to gain access onto the Edison road and into the Estelle Mountain Reserve. Staff did a great job of using the terrain, fence material and trenching to stop vehicular access. Fence patrol will have to be increased to maintain the barricade for the next couple of months. In December, the fencing was cut twice for access. No equestrian access has been installed, but can be added once unwanted access is under control.

Menifee HMU

Efforts to establish a usable trail system without major impacts to the resources on Win Mur 700 were ongoing. On-site meetings with trail users went well and all were amenable to working toward a common plan that would establish set trails for future use. A final map with a recommended trails network was completed, and a meeting with the City of Murrieta will be held to discuss in Quarter 3.

BFW Corona: Site visit to inspect post fire regrowth and to take photos for the 2016 Annual Report. Non-natives: Eucalyptus in burn area have re-sprouted and continue to grow, open areas are thick with Russian thistle, and there are a few small stands of tamarisk. Natives: There is some stump sprouting of the willows and mule fat is also coming in.

Kobashi: Ranger Rodriguez communicated with the City of Murrieta regarding a code enforcement issue near the property. Inspection of the RCA property within the City limits of Murrieta showed no trash dumping as reported. Just north on the Anheuser Busch southern border, there was a trash dumping site. Most of the trash was on private property, and staff helped pick up trash as a favor, with permission. The property owners (Bales family) were very appreciative.

Calvary Chapel: Trash removal was completed at the Calvary Chapel property. The 12'x12' concrete reservoir was emptied of 2.84 tons of household trash. Staff initially thought the trash was 1 foot deep, but it ended up being 5 feet deep. The reservoir was made animal friendly by opening up one side of the wall.

San Jacinto HMU

Higgins Nuevo: A total of 22 tires were removed from the parcel along with two truckloads of trash. The well heads are scheduled to be capped. Detail work of litter pick up was completed. The possibility of creating an animal water guzzler from a small covered ground cistern located on the parcel was discussed at the staff meeting.

Fencing was repaired on the Wolfskill-Driscoll property due to an uptick of motorcycle activity north of the parcels. The Wolfskill-Driscoll animal water guzzler was cleaned and refilled.

San Tim HMU:

Oak Valley – RLC: Staff met on-site with RLC and discussed options to prevent unwanted OHV access through RLC property which leads onto RCA property. RLC agreed to purchase 300 feet of 3 strand materials, and RCA agreed to install the fencing. The fencing, field gate and walk through access point for hikers was complete the third week in December.

Habitat/Species Management

Wilhelm Ranch/Warren Rd Partners: Staff conducted rare plant survey with Ana from BMP. Main goal was to learn identification of rare alkali playa plants of the area. Goal reached.

Gabrych: Efforts to make contact with Cody Clawson, who illegally graded on RCA land, have been ongoing and unsuccessful. No one in the area has seen or heard from him in three months. Restoration work partially completed by Mr. Clawson.

Hidden Valley: Four new artificial burrows were installed by Boy Scouts Troop 214. Two of the four were installed in an upland location out of the 100-year floodplain to hopefully serve as refugia during a high flood event. Staff completed BUOW burrow check and maintenance.

Teledyne: Staff conducted vegetation survey with monitoring crew. Staff continued to remove invasive plants and transplanted 40 buckwheat saplings into areas cleared of vegetation in lower dunes. Management for Delhi flower-loving sand fly is ongoing.

Soboba Horseshoe Donation: Staff met with Steven Estrada, Soboba Environmental Specialist. Staff will conduct a site visit to determine current condition of the site and make any recommendation to habitat improvements or access controls.

Fire Management/Weed Abatement

Staff completed inspections on the five parcels posted for weed abatement this month. Carlsbad property was on top of the list with heavy collection of tumbleweeds attached to the fence line. Wilhelm was worked in the corners of the parcels and KB Homes Coastal Donation did not require any action at this time.

Assistant Fire Marshall Doug Bloom of the City of Lake Elsinore has made contact regarding the weed abatement notice of Lake Elsinore Estates property. No case was filed and he cleared the parcel from further review.

Acquisitions

Initial Site Inspections:

Terra Vista: Ranger Rodriguez was onsite for final cleanup of the site. It was noted that the pile of trash near the northern border was not cleaned up. After some discussion with the contractor and Terra Vista the problem area was cleaned up.

Cornerstone Donation: Nice CSS and chaparral with a health willow-sycamore riparian strip in the western and northern portion. Several California gnatcatchers, mule deer and even a few western pond turtles were present. Great turtle habitat in creek with many decent sized pools which could sustain a substantial population. Despite looking at most corners and boundaries no witness markers were found. There is a very dilapidated old house, a large amount of old construction debris, and couple other farm related items amongst the olive orchard in north eastern portion of property. The foundation and fireplace are in good condition and pose no hazard but may become an attractive nuisance area depending on access from new development. A large pile of old, rusted, tar filled metal barrels were found in the northwestern portion of the property (immediately adjacent to a survey-staked cultural site). There were at least two large tractor tires in the southwestern portion of the property but they may not be within the actual property boundary.

Jenkins: Initial site visit. No major issues. There are missing witness makers on the western corners where the property borders Corte Colinga. There is a pile of metal culverts on the property. The culverts look to be in good condition and can be put to good use.

Spring Mt. Ranch Donation PA3: Staff checked for possible legal access to PA4, PA5, and PA6. PA3 has thousands of feet of irrigation piping and electric fencing. Staff also met with Alissa Cope from Sage Environmental to discuss PA3 Restoration. We recommend all irrigation pipe be removed and once we understand development plan we may recommend all electric wire be removed as well. Access easement to other PA's will be discussed with Brian Beck and the map he provided. In short, best access will stem from trail and then onto conservation parcels.

Davis: Site visit to check that witness markers had been installed. All witness markers were present and no problem areas were found.

Anheuser Busch: Staff completed the initial site inspection for the Anheuser Busch property. The witness markers along the eastern border were missing. I was able to locate all of the wells mentioned in the ESA report. There is one additional well that ESA overlooked that will need to be capped. The northeastern tip of the property has horse corrals, fencing, and shade structures. There is also a small shed and two generators. Assume Anheuser will remove all of this before close of escrow. There is also a fenced in area with a holding pond which is empty. There is a large water tank as well.

Bhathal: Witness markers were missing at both southern corners, and along the eastern border and northeastern corner. The northwestern corner did have a witness marker present. There is a small amount of rusted metal on the property, plastic pipe, and a large metal grate. There is also a large metal culvert placed vertically in the ground by the southern border. The metal culvert has a ladder in it so it is not a danger to humans, but small mammals and lizards could potentially fall in.

O'Connor Phase 5: Property is free of trash and all witness markers are present. Extensive network of horse trails seem to be no longer used.

Hong # 3: Pre-acquisition review. Property free of trash, most witness markers present.

Hong #2: Pre-acquisition review. Most markers present. Very light irrigation material on property as well as a half dozen large, dead avocado trees.

Spring Mountain Donation PA4: Pre-acquisition review to check on witness markers and trash. Markers all present and no sign of dumping found.

**AGENDA ITEM NO. 8
ATTACHMENT 5**

**SANTA ANA WATERSHED
ASSOCIATION**

**CONSULTANT REPORT
SAWA – BIOLOGICAL MONITORING PROGRAM
FISCAL YEAR 2016 SECOND QUARTER REPORT**

Report Covers Period: 10/01/16 – 12/31/16

Services provided during current work period:

Biological monitoring surveys conducted:

- Carnivores (mountain lion, coyote, bobcat, long-tailed weasel) via motion-triggered cameras in habitat linkages.
- Terrestrial herpetofauna via grid-based area searches for lizards and snakes. Experimenting with onduline roofing material at select sites.
- Delhi Sands flower-loving fly habitat surveys via vegetation and soil sampling to clarify suitable habitat characteristics and track changes in site composition through time.
- Pond turtle via hand capture within appropriate aquatic habitat in a previously occupied area (Hidden Valley).
- Aguanga kangaroo rat habitat surveys via point-intercept transects at trapping location in Anza.
- Burrowing Owl habitat via vegetation and physical site topography sampling at successful 2015 breeding locations to clarify suitable habitat characteristics.
- Burrowing Owl artificial burrow condition assessment surveys (for management purposes).
- Golden Eagle via United States Geological Survey (USGS) territory surveys.

Collaboration:

- Coordination continuing with CA Department of Fish and Wildlife staff at the San Jacinto Wildlife Area (SJWA) regarding management of the Tricolored Blackbird breeding and foraging habitat, along with some discussion on Burrowing Owl.
- Collaborated with RCA MSHCP Management with the Delhi Sands flower-loving fly habitat surveys.
- Collaborated with SAWPA in the Riverwalk on October 8.
- Collaborated with other wildlife organizations and agencies in the annual RIX Wastewater Treatment Facility maintenance shutdown fish rescue on November 16.
- Collaborated with other wildlife organizations and agencies in a Delhi Sands flower-loving fly Working Group meeting on December 6.
- Collaborated with SAWA on the Sunnyslope clean-up on December 7.
- Began collaborating with agencies regarding management of Brand's phacelia (*Phacelia stellaris*), a covered and narrowly endemic species, at an area along the Santa Ana River near Rancho Jurupa.
- Collaborating begun again with USGS and their Golden Eagle territory surveys.

Accomplishments:

- Gathered useful data for carnivores (including a mountain lion sighting on 12/13/16), Mojave tarplant, terrestrial herpetofauna, Delhi Sands flower-loving fly, Aguanga kangaroo rat, Burrowing Owl, and Golden Eagle. Pond turtle surveys did not result in detections of pond turtles.
- Met species 8-year objective for granite spiny lizard, western whiptail, and granite night lizard.
- 2015 Species Occurrence Dataset released to the managers and BIOS.
- Hosted three monthly monitoring/management coordination meetings with local land managers and wildlife agency representatives, all of which were performed by Biological Monitoring Program staff.
- Google Earth Field Conditions Map. Developed by our GIS Analyst, it's a dynamic map containing details of field conditions (e.g. barriers, fire activity, private property) that will be updated and viewed by staff regularly. This map will assist with safety and survey planning. Training was provided to staff.
- Expanded the Data Sharing Policy to include guidelines to staff for uploading data to online organizations.
- Began monthly Program Support Meetings with the Monitoring Program Administrator, Lead Biologist, Data Manager, and GIS Analyst to evaluate and improve structure and function of the Program.
- Began quarterly meetings between the Monitoring Program Administrator and the Field Biologists to discuss safety, training, equipment needs, questions and concerns they may have.
- Creating more structure between Lead Biologist and Taxa Leads regarding preparation for upcoming surveys (protocol review, pre-survey training, etc.) and reports.
- Creating individual report timelines for the 2016 Annual Report and survey reports submittal.

Training

- Staff taught identification of Atriplex species to RCA MSHCP Management on October 5 to assist with future survey collaboration.
- Monitoring Program Administrator attended supervisory training on October 27.
- SAWA's mandatory Interpersonal Skills Training occurred for all staff on December 2 in an effort to improve communication within the office.
- All Hands Meeting occurred on December 12: discussed budget and contract updates, Interpersonal Skills Training, the BMP's upcoming adoption of SAWA's new evaluation forms, the new extension to the Data Sharing Policy.
- Training on Incidental Observations created and provided to staff by our Data Manager on December 15.
- Training on Google Earth Field Conditions Map was provided to staff by our GIS Analyst on December 21.
- Upcoming training for staff this month: California/Nevada Amphibian Populations Task Force (APTF) Meeting in Santa Barbara, CA, January 11-13.

AGENDA ITEM NO. 9

**RESOLUTION NO. 2017-XXX,
“RESOLUTION OF THE BOARD OF
DIRECTORS OF THE WESTERN
RIVERSIDE COUNTY REGIONAL
CONSERVATION AUTHORITY
ADOPTING A STATEMENT
OF INVESTMENT POLICY”**

Regional Conservation Authority

**RESOLUTION NO. 2017-XXX,
“RESOLUTION OF THE BOARD OF DIRECTORS OF THE
WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY
ADOPTING A STATEMENT OF INVESTMENT POLICY”**

Staff Contact:

**Steve DeBaun, General Counsel
Best, Best & Krieger, LLP
(951) 686-1450**

Background:

Under California law, every public agency is required to adopt an investment policy which shall be updated periodically. The County Treasurer acts as the Treasurer for the RCA, and the County’s investment schedule was incorporated into the RCA policy to help assure consistency between the agencies. The County Treasurer has reviewed and approved the attached policy.

The County’s Investment Oversight Committee reviewed and the County Board of Supervisors adopted a revised Treasurer’s Statement of Investment Policy on May 24, 2016 and December 6, 2016. All changes are in compliance with California Government Code Sections 53601 & 53635, which govern the County Treasurer’s investments of surplus monies.

The County made the following cumulative changes to its Statement of Investment Policy:

1. Page 1, Change cashflow to cash flow.
2. Page 1, Changed County Ordinance date to “November 08, 2016” and “Ordinance No. 767.20.”
3. Page 2 Added “with the custodian holding records. The Treasurer’s Fiscal Compliance unit will audit purchases daily for compliance, and audit holding records monthly.”
4. Page 3, Changed cashflow to cash flow.
5. Page 4, Added “and approval”, “agency’s governing board”, “and approval of the Treasurer-Tax Collector. All specified investments shall be memorialized by a Memorandum of Understanding.”
6. Page 6, Changed date to December 8, 2016.
7. Page 8, Removed from Other authorized firms “Wells Fargo Bank” and “Wells Fargo Securities.”
8. Page 12, Removed “and the fund must maintain daily, a principal per share value of \$1.00 per share.”

9. Page 13, For Category 2, and 3, added language to restrictions of Muni to say “For the State of California debt only, maximum of 2% greater than 13 month final maturity.” Category 4 added “For the.”

Staff is requesting that the changes listed above be incorporated in the RCA’s policy. The full investment policy is attached to this staff report.

Steven DeBaun, RCA Legal Counsel, will present the RCA’s Investment Policy.

Staff Recommendations:

That the RCA Executive Committee:

- 1) Recommend that the RCA Board of Directors adopt Resolution No. 2017-XXX, *Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy*; and
- 2) Authorize staff to agendize this matter for the February 6, 2017 meeting of the RCA Board of Directors.

Attachments:

1. Resolution No. 2017-XXX, *“Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy”*
2. Statement of Investment Policy – Redlined Copy

AGENDA ITEM NO. 9
Attachment 1

RESOLUTION NO. 2017-XXX

RESOLUTION NO. 2017-XXX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY ADOPTING A STATEMENT OF INVESTMENT POLICY

WHEREAS, the California Legislature has provided standards for governing bodies authorized to make investment decisions for local agencies, which are set forth in Government Code sections 16429.1, 53600-53609 and 53630-53686 (the "Investment Act"); and

WHEREAS, Section 53684 of the Government Code permits the governing bodies of the local agencies to authorize the deposit of excess funds in the county treasury for the purposes of investment by the county treasurer pursuant to Section 53601 and 53635; and

WHEREAS, Section 53646 of the Government Code allows local agencies to annually approve a Statement of Investment Policy which has been prepared by the chief fiscal officer of such local agency; and

WHEREAS, the Board of Directors of the Western Riverside County Regional Conservation Authority has been presented with a Statement of Investment Policy, attached hereto as Exhibit A and incorporated by reference, which is designed to conform with the requirements of the Investment Act; and

WHEREAS, the Board of Directors, with the aid of its staff, has reviewed the Statement of Investment Policy and wishes to approve the same;

WHEREAS, this Resolution updates the Western Riverside County Regional Conservation Authority's Investment Policy, attached hereto as Exhibit A and incorporated by reference, to conform with California statutes governing cities, which will rescind, supersede and replace Resolution No. 2015-008.

NOW, THEREFORE, the Board of Directors hereby adopt the Western Riverside County Regional Conservation Authority Investment Policy, a copy of which is on file at the offices of the Authority and is available for inspection by the public.

PASSED AND ADOPTED at the regular meeting of the Board of Directors of the Western Riverside County Regional Conservation Authority held this 6th day of February, 2017.

ATTEST:

By: _____
Honey Bernas, Clerk of the Board
Western Riverside County Regional
Conservation Authority

By: _____
Marion Ashley, Chairman
Western Riverside County Regional
Conservation Authority

Exhibit A

WESTERN RIVERSIDE COUNTY REGIONAL CONSERVATION AUTHORITY INVESTMENT POLICY

INTRODUCTION

The Western Riverside County Regional Conservation Authority, is a Joint Powers Authority (“RCA”) comprised of the County of Riverside and the Cities of Banning, Beaumont, Calimesa, Canyon Lake, Corona, Eastvale, Hemet, Jurupa Valley, Lake Elsinore, Menifee, Moreno Valley, Murrieta, Norco, Perris, Riverside, San Jacinto, Temecula and Wildomar. The RCA is responsible for the implementation and management of the Western Riverside County Multiple Species Habitat Conservation Plan (“MSHCP”). The RCA is governed by a Board of Directors (the “Board”), comprised of the five members of the Riverside County Board of Supervisors and an elected official from each member city.

The Board has adopted this Investment Policy (the “Policy”) in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the RCA. All RCA funds will be invested in accordance with the Policy and with applicable sections of the California Government Code.

This Policy was endorsed and adopted by the Board of Directors of the Western Riverside County Regional Conservation Authority on January 9, 2017.

RIVERSIDE COUNTY TREASURER

Pursuant to California Government Code Section 53684, the Board authorizes the deposit of excess funds of the RCA in the Riverside County treasury for the purpose of investment by the County Treasurer as outlined in this Policy.

SCOPE & OBJECTIVES

The RCA's primary investment objectives, in priority order, shall be:

1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the RCA shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
2. **Liquidity.** The investment portfolio of the RCA will remain sufficiently liquid to enable the RCA to meet its cash flow requirements.
3. **Return on Investment.** The investment portfolio of the RCA shall be designed with the objective of maximizing return on its investments, but only after ensuring safety and liquidity.

DELEGATION OF AUTHORITY

The management responsibility for the RCA's investment program is delegated annually by the Board to the Treasurer pursuant to California Government Code Section 53607. As designated by the Board of Directors, the Riverside County Treasurer serves as the Treasurer. The Treasurer may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. Authority may be delegated to other staff members provided the Treasurer exercises prudence in a selection of these staff members and imposes suitable safeguards to prevent abuse in the exercise of discretion. The Treasurer shall remain responsible for any investment decisions made by these staff members. The Treasurer shall maintain a list of every staff member who was delegated such authority, and his or her responsibilities with respect to investment decisions. No person may engage in an investment transaction except as expressly provided under the terms of this Policy.

The Treasurer, on behalf of the RCA, may engage the support services of outside investment advisors in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the RCA's financial resources.

PRUDENCE

The standard of prudence to be used for managing the RCA's investments shall be California Government Code Section 53600.3, the prudent investor standard which states:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

The RCA's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The RCA recognizes that no investment is totally riskless and that the investment activities of the RCA are a matter of public record. Accordingly, the RCA recognizes that occasional measured losses are inevitable in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the RCA.

The Treasurer and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the RCA and appropriate action is taken to control adverse developments.

ETHICS AND CONFLICTS OF INTEREST

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer any financial interests they have in financial institutions that conduct business with the RCA and they shall subordinate their personal investment transactions to those of the RCA. In addition, the Treasurer shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203.

Any firm proposing to provide any type of investment service to RCA shall acknowledge their familiarity with the provisions of the Political Reform Act, (Government Code Section 81000 et seq., and 2 Cal. Code of Regs. 18110 et seq., hereinafter "PRA") and the provisions limiting contractual conflicts of interest under Government Code Section 1090 et seq. Any firm proposing to provide any type of investment service to RCA shall also acknowledge their familiarity with and agree to abide by any Federal or State law, regulation, rule or policy pertaining to or limiting campaign contributions by such firms, their employees, spouses and agents.

All persons, firms, dealers, brokers and advisors providing investment service or bond issue assistance shall disclose to the RCA all fee sharing, fee-splitting and commission arrangements with other entities or persons prior to RCA agreeing to buy an investment, or issuing bonds.

AUTHORIZED INVESTMENTS

1. **Riverside County Treasurer's Pooled Investment Fund ("RCTPIF").** The RCA may invest in the Riverside County Pooled Investment Fund.
2. **State of California Local Agency Investment Fund ("LAIF").** The RCA may invest in LAIF.
3. **Eligible Investments for Bond Proceeds.**

Bond proceeds shall be invested in securities permitted by the applicable bond documents. If the bond documents are silent as to permitted investments, bond proceeds will be invested in securities permitted by this Policy.

With respect to maximum maturities, the Policy authorizes investing bond reserve fund proceeds beyond the five years if prudent in the opinion of the Treasurer.

4. **Specific Investments Outside RCTPIF and LAIF.**

Specific investments shall be governed by the Treasurer's Pooled Investment Fund Statement of Investment Policy, as may be amended from time to time. A copy of the current policy is attached as Exhibit "1."

REPORTING

The Treasurer shall provide to the Board and the Executive Director a portfolio report, on a monthly basis in accordance with the requirement of the Government Code.

At least annually if any investments outside the RCTPIF exist, the Treasurer shall present to the Board a review of the investment portfolio's adherence to appropriate risk levels and a comparison between the total portfolio return and the established investment goals, objectives and benchmarks.

POLICY REVIEW

This Investment Policy shall be presented annually to the Board for review pursuant to Section 53646(a)(2) of the Government Code. This Policy may be amended by the Board at a public meeting as conditions warrant.

EXHIBIT 1

**TREASURER'S POOLED INVESTMENT
FUND STATEMENT OF INVESTMENT POLICY
[ATTACHED]**



**COUNTY OF RIVERSIDE
OFFICE OF THE TREASURER TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY**

INTRODUCTION

The Treasurer's Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (the Code Section). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE

The Treasurer's Statement of Investment Policy is limited in scope to only those County, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY

Section 27000.3 of the Code declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Code Section 27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

PORTFOLIO OBJECTIVES

The first and primary objective of the Treasurer's investment of public funds is to **safeguard investment principal**; second, to maintain sufficient **liquidity** within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or **yield** on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY

Statutory authority for the Treasurer's investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer's authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on November 08, 2016 by County Ordinance No.767.20. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

STAFF AUTHORIZED TO MAKE INVESTMENTS

Only the Treasurer-Tax Collector, Don Kent, Assistant Treasurer-Tax Collector, Jon Christensen, Investment Manager, Giovane Pizano, Assistant Investment Manager, Isela Licea, are authorized to make investments (except in the case of an emergency) and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS

Securities transactions are limited solely to those noted on Schedule II of this policy.

DAILY ACCOUNTABILITY AND CONTROL

Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector's office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer's internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

SECURITY CUSTODY & DELIVERIES

All securities except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over the securities held by the custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer's vault. The security holdings shall be reconciled with the custodian holding records daily. The Treasurer's Fiscal Compliance unit will audit purchases daily for compliance, and audit holding records monthly.

COMPETITIVE PRICING

Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

MATURITY LIMITATIONS

No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601.

LIQUIDITY

The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING

The Treasurer may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS

The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES

All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES

When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer's portfolio on the settlement date.

PORTFOLIO REPORTS/AUDITING

Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors. The Treasurer shall also prepare and file with the Board of Supervisors, the County Executive Officer, County Auditor-Controller, Superintendent of Schools and the Investment Oversight Committee, the Monthly Treasurer's Pooled Investment Fund reports, including at a minimum, all information required by law. Monthly Treasurer's Pooled Investment Fund reports are to be filed with the County Investment Oversight Committee as required by Code Section 27133. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer's website:

<http://www.countytreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx>

SPECIFIC INVESTMENTS

Specific investments for individual funds may be made in accordance with the Treasurer's Statement of Investment Policy, upon written request and approval of the responsible agency's governing board, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the Treasurer-Tax Collector. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION

Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE

In accordance with Code Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS

Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of

such income. Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: retail banking services, wire transfers, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate per Code Section 27013.

TREASURY OPERATIONS

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY

Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and adopt a resolution by the the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County Treasurer. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer's ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer's consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County’s investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, , Investment Manager, and Assistant Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS

The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS

This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.



Don Kent
County of Riverside
Treasurer-Tax Collector

12/08/2016

SCHEDULE I

AUTHORIZED INVESTMENTS	DIVERSIFICATION (1)	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	100%	N/A	Maximum 5 years	N/A
Notes, participations, or obligations issued by the agencies of the federal government	100%	N/A	Maximum 5 years	N/A
Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)	15% maximum	See Schedule VI	Maximum 4 years	Long term "AA-, Aa3, AA-" or better
Local Agency Investment Fund (LAIF)	\$50 million	Maximum \$50 million per LAIF	Daily Liquidity	N/A
Commercial Paper (CP)	40% maximum	See Schedule VI	Maximum 270 days	Short term "A-1,P-1,F-1" or better
Local Agency Obligations (LAO)	2.5% maximum	Board of Supervisors approval required. Issued by pool depositors only	Maximum 3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
CalTRUST Short Term Fund (CLTR)	1% maximum	Board of Supervisors approval required	Daily liquidity	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635
Negotiable CD's (NCD'S) issued by national or state chartered banks or a licensed branch of a foreign bank	25% maximum	See Schedule VI	Maximum 1 year	Short term "A-1,P-1,F-1" or better
Collateralized Time Deposits (TCD)	2% maximum	See Schedule IV	Maximum 1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA's	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	Maximum 45 days	Short Term "A-1, P-1, F-1" or better If "A-2, P-2, F2" then overnight only
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	10% maximum	For temporary cash Flow needs only.	Max 60 days with prior approval of Board of Supervisors	N/A
Medium Term Notes (MTNO) or Corporate Notes	20% maximum	See Schedule VI	Maximum 3 years	"AA, Aa2, AA" minimum if under 1 year
Union Bank Government Managed Rate Account (GMRA)	10%	N/A	Daily Liquidity	Fully collateralized
Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code	20% maximum	Registered with SEC No NAV adjustments No front end loads See Schedule V	Daily liquidity	Long Term "AAA" (2 of 3 nationally recognized rating services)

(1) Whichever is greater.

**AUTHORIZED BROKER/DEALERS
SCHEDULE II**

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

Union Bank
Piper Jaffray & Co.
SunTrust Bank
Stifel Nicolaus
FTN Financial
InCapital
Raymond James & Associates, Inc.

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker's acceptance issuers, negotiable CD issuers, or savings and loan are authorized.
3. Incidental purchases of less than \$10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.

**POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III**

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.
2. The County Treasurer's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.
3. The firm must specify the types of securities it specializes in and will be made available for our account.
4. It is important that the firm provide related services that will enhance the account relationship which could include:
 - (a) An active secondary market for its securities.
 - (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
 - (c) Be willing to trade securities for our portfolio.
 - (d) Be capable of providing market analysis, economic projections, and newsletters.
 - (e) Provide market education on new investment products, security spread relationships, graphs, etc.
5. The firm must be willing to provide us annual financial statements.
6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.
7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.
8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

**POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV**

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."
2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.
3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.
4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.
5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.
6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.
7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).
8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.
9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.
10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.

**POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V**

Shares of beneficial interest issued by diversified management companies, also known as mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a “AAA” ratings from two of the nationally recognized rating services: Moody’s, Fitch, Standard & Poor’s.
2. The fund’s prospectus cannot allow hedging strategies, options or futures.
3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund’s portfolio.

**POLICY CRITERIA
CORPORATE AND MUNICIPAL SECURITIES
SCHEDULE VI**

Corporate Criteria. Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers acceptances, and commercial paper. Medium term securities will be restricted by the long term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	Corp. Maximum of 5% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. Muni. Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
2	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	Corp. Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. Muni. Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity. For the State of California debt only maximum of 2% greater than 13 month final maturity.
3	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	Corp. Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. Muni. Maximum of 5% per issuer. No more than 13 month final maturity. For the State of California Debt only, maximum of 2% greater than 13 month final maturity.
4	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	Corp. No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity. Muni. For the State of California Debt only, maximum of 3% with no more than 2% greater than 1 year final maturity.

Rating Agency Comparison Table

Short-Term Scale

S&P	A-1+, A-1
Moody's	P-1
Fitch	F-1+, F-1

Long-Term Scale

S&P	AAA, AA+, AA, AA-, A+, A
Moody's	Aaa, Aa1, Aa2, Aa3, A1, A2
Fitch	AAA, AA+, AA, AA-, A+, A

AGENDA ITEM NO. 9
Attachment 2

STATEMENT OF INVESTMENT POLICY
REDLINED



**COUNTY OF RIVERSIDE
OFFICE OF THE TREASURER TAX-COLLECTOR
STATEMENT OF INVESTMENT POLICY**

INTRODUCTION

The Treasurer's Statement of Investment Policy is presented annually to the County Investment Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (the Code Section). This policy will become effective immediately upon approval by the Board of Supervisors.

SCOPE

The Treasurer's Statement of Investment Policy is limited in scope to only those County, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond funds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

FIDUCIARY RESPONSIBILITY

Section 27000.3 of the Code declares each treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in Code Section 27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

PORTFOLIO OBJECTIVES

The first and primary objective of the Treasurer's investment of public funds is to **safeguard investment principal**; second, to maintain sufficient **liquidity** within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or **yield** on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

AUTHORITY

Statutory authority for the Treasurer's investment and safekeeping functions are found in Code Sections 53601 and 53635 et. seq. The Treasurer's authority to make investments is to be renewed annually, pursuant to state law. It was last renewed by the Board of Supervisors on ~~December 17~~**November 08**, 201**6**~~5~~ by County Ordinance No.767.**1920**. Code Section 53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized in Code Sections 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

STAFF AUTHORIZED TO MAKE INVESTMENTS

Only the Treasurer-Tax Collector, Don Kent, Assistant Treasurer-Tax Collector, Jon Christensen, Investment Manager, Giovane Pizano, Assistant Investment Manager, Isela Licea, are authorized to make investments (except in the case of an emergency) and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS

Securities transactions are limited solely to those noted on Schedule II of this policy.

DAILY ACCOUNTABILITY AND CONTROL

Except for emergencies or previous authorization by the Treasurer-Tax Collector, all investment transactions are to be conducted at the Treasurer-Tax Collector's office (if open and available to conduct business), documented, and reviewed by the Treasurer-Tax Collector. All investment transactions will be entered daily into the Treasurer's internal financial accounting system with copies to be filed on a timely basis. Portfolio income shall be reconciled daily against cash receipts and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

SECURITY CUSTODY & DELIVERIES

All securities except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County Treasurer with custodial security clearance services. These third party trust department arrangements provide the County with a perfected interest in, and ownership and control over the securities held by the custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the Treasurer's vault. The security holdings shall be reconciled with the custodian holding records daily, and audited monthly by the ~~The~~ Treasurer's ~~Internal Audits- Fiscal Compliance unit~~ staff will audit purchases daily for compliance, and audit holding records monthly.

COMPETITIVE PRICING

Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

MATURITY LIMITATIONS

No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the Board of Supervisors pursuant to Code Section 53601.

LIQUIDITY

The portfolio shall maintain a weighted average days to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

SECURITIES LENDING

The Treasurer may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

REVERSE REPURCHASE AGREEMENTS

The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the Treasurer to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to Code Section 53601 and by the Treasurer's Statement of Investment Policy.

MITIGATING MARKET & CREDIT RISKS

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

TRADING & EARLY SALE OF SECURITIES

All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in credit-worthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short and long term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the Treasurer-Tax Collector.

PURCHASE OF WHEN ISSUED SECURITIES

When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the Treasurer's portfolio on the settlement date.

PORTFOLIO REPORTS/AUDITING

Portfolio reports required by Code Sections 53607 and 27133(e) shall be filed monthly with the Board of Supervisors. The Treasurer shall also prepare and file with the Board of Supervisors, the County Executive Officer, County Auditor-Controller, Superintendent of Schools and the Investment Oversight Committee, the Monthly Treasurer's Pooled Investment Fund reports, including at a minimum, all information required by law. Monthly Treasurer's Pooled Investment Fund reports are to be filed with the County Investment Oversight Committee as required by Code Section 27133. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the Board of Supervisors, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer's website: <http://www.countytreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx>

SPECIFIC INVESTMENTS

Specific investments for individual funds may be made in accordance with the Treasurer's Statement of Investment Policy, upon written request- and approval of the responsible agency's governing board, and, approval of the Treasurer-Tax Collector. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the Treasurer-Tax Collector. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The Treasurer-Tax Collector reserves the right to allocate a pro-rata charge for administrative costs to such funds.

PERFORMANCE EVALUATION

Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or other suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and, current market conditions.

INVESTMENT OVERSIGHT COMMITTEE

In accordance with Code Section 27130 et seq. of the Code, the Board of Supervisors has established an Investment Oversight Committee. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS

Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with Sections 53684 and 53844 of the Code which give the Treasurer broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the Treasurer to assure compliance with Code Sections 53684 and 53844.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted, pursuant to Code Section 27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of

such income. Accordingly, in keeping with Code Sections 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: retail banking services, wire transfers, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the Treasurer-Tax Collector shall annually prepare a proposed budget revenue estimate per Code Section 27013.

TREASURY OPERATIONS

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The Treasurer will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County Treasurer may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY

Should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Code and adopt a resolution by the the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County Treasurer. The resolution shall specify the amount of monies to be invested, the person authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the Treasurer's ability to deduct pro-rata administrative charges permitted by Code Section 27013. Any solicitation for entry into the TPIF must have the County Treasurer's consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the Treasurer.

POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the Treasury being required to maintain a 40% liquidity position at all times during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County Treasurer.

The Treasurer's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and, an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the Treasurer-Tax Collector nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County Treasurer which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of Code Section 27133. IOC members shall be subject to the limits included in the Board of Supervisors Policy B-21.

ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County’s investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, , Investment Manager, and Assistant Investment Manager are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS

The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office Of The Treasurer-Tax Collector Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County Treasury, shall be invested for a period of time exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

POLICY ADOPTION & AMENDMENTS

This policy statement will become effective following adoption by the Board of Supervisors, and, will remain in force until subsequently amended in writing by the Treasurer-Tax Collector and approved by the Board.



Don Kent
County of Riverside
Treasurer-Tax Collector

12/08/2016 ~~December 17, 2015~~

SCHEDULE I

AUTHORIZED INVESTMENTS	DIVERSIFICATION (1)	PURCHASE RESTRICTIONS	MATURITY	CREDIT QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury notes, bills, bonds or other certificates of indebtedness	100%	N/A	Maximum 5 years	N/A
Notes, participations, or obligations issued by the agencies of the federal government	100%	N/A	Maximum 5 years	N/A
Bonds, notes, warrants or certificates of indebtedness issued by the state of CA, or local agencies, or, the County of Riverside. Registered treasury notes or bonds of any of the other 49 United States per Government Code Section 53601 (d)	15% maximum	See Schedule VI	Maximum 4 years	Long term "AA-, Aa3, AA-" or better
Local Agency Investment Fund (LAIF)	\$50 million	Maximum \$50 million per LAIF	Daily Liquidity	N/A
Commercial Paper (CP)	40% maximum	See Schedule VI	Maximum 270 days	Short term "A-1,P-1,F-1" or better
Local Agency Obligations (LAO)	2.5% maximum	Board of Supervisors approval required. Issued by pool depositors only	Maximum 3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
CalTRUST Short Term Fund (CLTR)	1% maximum	Board of Supervisors approval required	Daily liquidity	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635
Negotiable CD's (NCD'S) issued by national or state chartered banks or a licensed branch of a foreign bank	25% maximum	See Schedule VI	Maximum 1 year	Short term "A-1,P-1,F-1" or better
Collateralized Time Deposits (TCD)	2% maximum	See Schedule IV	Maximum 1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages, CP, BA's	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	Maximum 45 days	Short Term "A-1, P-1, F-1" or better If "A-2, P-2, F2" then overnight only
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	10% maximum	For temporary cash Flow needs only.	Max 60 days with prior approval of Board of Supervisors	N/A
Medium Term Notes (MTNO) or Corporate Notes	20% maximum	See Schedule VI	Maximum 3 years	"AA, Aa2, AA" minimum if under 1 year
Union Bank Government Managed Rate Account (GMRA)	10%	N/A	Daily Liquidity	Fully collateralized
Money Market Mutual Funds (MMF) that invest in eligible securities meeting requirements of California Government Code	20% maximum	Registered with SEC No NAV adjustments No front end loads See Schedule V	Daily liquidity	Long Term "AAA" (2 of 3 nationally recognized rating services)

(1) Whichever is greater.

**AUTHORIZED BROKER/DEALERS
SCHEDULE II**

The Treasurer is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

Union Bank
~~Wells Fargo Bank~~
Piper Jaffray & Co.
SunTrust Bank
Stifel Nicolaus
FTN Financial
InCapital
~~Wells Fargo Securities~~
Raymond James & Associates, Inc.

2. Direct purchases from major commercial paper issuers, money market mutual funds, banker's acceptance issuers, negotiable CD issuers, or savings and loan are authorized.
3. Incidental purchases of less than \$10 million may be made with other firms if in the opinion of the Treasurer, such transactions are deemed advantageous.

To ensure compliance with the County Treasurer's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the Board of Supervisors.

**POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS
SCHEDULE III**

1. The County Treasurer has elected to limit security transactions as mentioned in Schedule II. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The Treasurer is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.
2. The County Treasurer's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.
3. The firm must specify the types of securities it specializes in and will be made available for our account.
4. It is important that the firm provide related services that will enhance the account relationship which could include:
 - (a) An active secondary market for its securities.
 - (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
 - (c) Be willing to trade securities for our portfolio.
 - (d) Be capable of providing market analysis, economic projections, and newsletters.
 - (e) Provide market education on new investment products, security spread relationships, graphs, etc.
5. The firm must be willing to provide us annual financial statements.
6. The County Treasurer is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.
7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.
8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

**POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS
SCHEDULE IV**

Before the Treasury can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."
2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.
3. Investments less than the FDIC insurance limit will be sufficient without requiring any collateral to be pledged with the Federal Reserve to secure the public fund deposit.
4. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided on a monthly basis. A collateral waiver for the portion insured by the FDIC will be granted.
5. The County Treasurer must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.
6. The County Treasurer will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.
7. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).
8. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.
9. The County Treasurer must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict of interest situation exists between any County official and an officer or employee of the bank.
10. Time deposits will only be made with banks and savings and loans having branch office locations within Riverside County.

**POLICY CRITERIA FOR ENTERING INTO A MONEY MARKET FUND
SCHEDULE V**

Shares of beneficial interest issued by diversified management companies, also known as mutual funds, invest in the securities and obligations authorized by Code Sections 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

- ~~1.~~—The fund must have a “AAA” ratings from two of the nationally recognized rating services: Moody’s, Fitch, Standard & Poor’s. ~~and the fund must maintain daily, a principal per share value of \$1.00 per share.~~
- 1.
2. The fund’s prospectus cannot allow hedging strategies, options or futures.
3. The fund must provide a current prospectus before participation in the fund and provide copies of their portfolio reports and shall provide at least at month-end, a complete listing of securities within the fund’s portfolio.

**POLICY CRITERIA
CORPORATE AND MUNICIPAL SECURITIES
SCHEDULE VI**

Corporate Criteria. Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers acceptances, and commercial paper. Medium term securities will be restricted by the long term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	Corp. Maximum of 5% per issuer with no more than 2% greater than 1 year final maturity and no more than 1% greater than 2 year final maturity. Muni. Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
2	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	Corp. Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity. Muni. Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity. <u>For the State of California debt only; maximum of 2% greater than 13 month final maturity.</u>
3	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	Corp. Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity. Muni. Maximum of 5% per issuer. No more than 13 month final maturity. <u>For the State of California Debt only, maximum of 2% greater than 13 month final maturity.</u>
4	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	Corp. No Asset Backed programs. Maximum of 2% per issuer with no more than 1% greater than 7 days. No more than 45 days maximum maturity. Muni. <u>For the State of California Debt only. Maximum only, maximum</u> of 3% with no more than 2% greater than 1 year final maturity.

Rating Agency Comparison Table

Short-Term Scale

S&P	A-1+, A-1
Moody's	P-1
Fitch	F-1+, F-1

Long-Term Scale

S&P	AAA, AA+, AA, AA-, A+, A
Moody's	Aaa, Aa1, Aa2, Aa3, A1, A2
Fitch	AAA, AA+, AA, AA-, A+, A

2017 RCA Commonly Used Acronyms

ARL	Additional Reserve Lands
BUOW	Burrowing Owl
CALFIRE	California Department of Forestry and Fire Protection
CALTRANS	California Department of Transportation
CD	Consistency Determination
CDFG	California Department of Fish and Game
CDFW	California Department of Fish and Wildlife (<i>formerly CDFG</i>)
CEQA	California Environmental Quality Act
CETAP	Community and Environmental Transportation Acceptability Process
CHD	Critical Habitat Designation
CIP	Capital Improvement Program
CNLM	Center for Natural Lands Management
EMWD	Eastern Municipal Water District
EPD	Environmental Programs Department (<i>Riverside County</i>)
ERP	Expedited Review Process
FY	Fiscal Year
HANS	Habitat Evaluation and Acquisition Negotiation Strategy
HMU	Habitat Management Unit
IC	Interchange
JPR	Joint Project Review
LDMF	Local Development Mitigation Fee
MOU	Memorandum of Understanding
MSHCP	Multiple Species Habitat Conservation Plan
OHV	Off-Highway Vehicle
PCL	Proposed Constrained Linkage
PQP	Public/Quasi-Public
PSE	Participating Special Entities
RCA	Regional Conservation Authority
RCD	Resource Conservation Districts
RCRCD	Riverside-Corona Resource Conservation District
RCOE	Riverside County Office of Education
RCTC	Riverside County Transportation Commission
RCTD	Riverside County Transportation Department
RMOC	Reserve Management Oversight Committee
ROVE	Recreation Off-Highway Vehicle Enforcement
SAWA	Santa Ana Watershed Association
SB	San Bernardino
SR	State Route
SWG	State Wildlife Grant
TAC	Technical Advisory Committee
TIFIA	Transportation Infrastructure Finance and Innovation Act
TUMF	Transportation Uniform Mitigation Fee
USFWS	United States Fish and Wildlife Service
UTM Nad 83 Zone 11	Meter Coordinate System for Maps
WIFIA	Water Infrastructure Finance and Innovation Act
WIIN	Water Infrastructure Improvements for the Nation
WA	Wildlife Agencies (<i>USFWS & CDFW</i>)
WCB	Wildlife Conservation Board
WPT	Western Pond Turtle
WRDA	Water Resources Development Act