



[www.wrc-rca.org](http://www.wrc-rca.org)

*The Western Riverside County Regional Conservation Authority was established in 2004 as a joint powers authority to administer the 2003 Western Riverside County Multiple Species Habitat Conservation Plan. Currently, the Authority consists of eighteen (18) cities and the county.*

---

## **MEETING**

**Monday, October 5, 2015**

**12:30 p.m.**

**Riverside County Administrative Center**

**Board Room, First Floor, 4080 Lemon Street, Riverside, CA 92501**

---

## **OFFICERS**

**John Tavaglione, Chairman**  
*County of Riverside, District 2*

**Eugene Montanez, Vice-Chairman**  
*City of Corona*

## **BOARD MEMBERS**

**George Moyer**  
*City of Banning*

**Kevin Bash**  
*City of Norco*

**Mark Orozco**  
*City of Beaumont*

**David S Rabb**  
*City of Perris*

**Jeffrey Hewitt**  
*City of Calimesa*

**Andy Melendez**  
*City of Riverside*

**Tim Brown**  
*City of Canyon Lake*

**Scott Miller**  
*City of San Jacinto*

**Clint Lorimore**  
*City of Eastvale*

**Maryann Edwards**  
*City of Temecula*

**Linda Krupa**  
*City of Hemet*

**Ben Benoit**  
*City of Wildomar*

**Verne Lauritzen**  
*City of Jurupa Valley*

**Kevin Jeffries**  
*County of Riverside, District 1*

**Natasha Johnson**  
*City of Lake Elsinore*

**Chuck Washington**  
*County of Riverside, District 3*

**Matt Liesemeyer**  
*City of Menifee*

**John Benoit**  
*County of Riverside, District 4*

**D. LaDonna Jempson**  
*City of Moreno Valley*

**Marion Ashley**  
*County of Riverside, District 5*

**Harry Ramos**  
*City of Murrieta*

**Charles Landry, Executive Director**



## **MEETING AGENDA**

*\*Actions may be taken on any item listed on the agenda. Non-exempt materials related to an item on this agenda submitted to the RCA Board after distribution of the agenda packet are available for public inspection at the RCA Offices, 3403 Tenth Street, Suite 320, Riverside, California, during normal business hours. Such documents are also available on the Western Riverside County Regional Conservation Authority website at [www.wrc-rca.org](http://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.*

**Monday, October 5, 2015  
12:30 p.m.  
Riverside County Administrative Center  
First Floor Annex – Board Hearing Room  
4080 Lemon Street  
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 a Board 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. PLEDGE OF ALLEGIANCE**
- 3. ROLL CALL**
- 4. PUBLIC COMMENTS**

At this time members of the public can address the RCA Board of Directors regarding any items within the subject matter jurisdiction of the Board that are not separately listed on this agenda. Members of the public will have an 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 Board on any matter, whether or not it appears on this agenda, is requested to complete a "Request to Speak" form 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 Board in writing and only pertinent points presented orally. Any written documents to be distributed or presented to the RCA Board of Directors shall be submitted to the Clerk of the Board.

- 5. BOARD MEMBER ANNOUNCEMENTS** *(This item provides the opportunity for the Board Members to report on attended meetings/conferences and any other items related to RCA activities.)*

**RCA BOARD OF DIRECTORS AGENDA**

Page 2 of 3

October 5, 2015

6. **ADDITIONS/REVISIONS** *(The Board 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 Board subsequent to the posting of the agenda. An action adding an item to the agenda requires 2/3 vote of the Board. If there are less than 2/3 of the Board Members present, adding an item requires a unanimous vote. Added items will be placed for discussion at the end of the agenda.)*

7. **APPROVAL OF MINUTES – September 14, 2015**

8. **CONSENT CALENDAR** *(All matters listed under the Consent Calendar will be approved in a single motion unless a Board Member requests separate action on specific Consent Calendar item. The item will be pulled from the Consent Calendar and placed for discussion.)*

8.1 **WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN (MSHCP) LOCAL DEVELOPMENT MITIGATION FEE (LDMF) COLLECTION AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR AUGUST 2015.**

Overview- [Staff Report](#)

This item is for the RCA Board of Directors to receive and file the Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for August 2015.

9. **RESOLUTION NO. 2015-008 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 Board of Directors to adopt Resolution No. 2015-008, *A Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy.*

10. **EXECUTIVE DIRECTOR'S REPORT**

10.1 **Refuge Program**

10.2 **Report Back Regarding Recycling Impact on Tipping Fee Revenue**

10.3 **County Board of Supervisors Policy C-33, Background Check Policy**

11. **LAND ACQUISITION UPDATE**

**12. ITEMS FOR NEXT MEETING**

Board Members are invited to suggest additional items to be brought forward for future discussion.

**13. CLOSED SESSION ITEMS:**

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

- **Case Number RIC1203353 Albert Thomas Paulek vs. RCA**

**13.2 CONFERENCE WITH REAL PROPERTY NEGOTIATOR**  
**Pursuant to Government Code Section 54956.8**

**Negotiating Parties:** RCA – Executive Director or Designee  
**Under Negotiation:** Price/Terms

<b>Item</b>	<b>Assessor Parcel No.</b>	<b>Property Owners</b>
1	472-190-017	Sheffield (Sabre Residential Incorporated)
2	581-100-014	Mary Stearns, Craig Cegavske, Marie Luther Estudillo Living Trust
3	932-220-023	The Nature Conservancy

**14. ADJOURNMENT**

The next meeting of the Western Riverside County Regional Conservation Authority Board of Directors is scheduled for Monday, November 2, 2015, at 12:30 p.m. at the County of Riverside Administrative Center, Board Room, 4080 Lemon Street, Riverside, California.

## 2015 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
WA	Wildlife Agencies ( <i>USFWS &amp; CDFG</i> )
WCB	Wildlife Conservation Board
WPT	Western Pond Turtle
WRDA	Water Resources Development Act

**AGENDA ITEM NO. 7**

**MINUTES**

**September 14, 2015**



## **MEETING MINUTES**

### **1. CALL TO ORDER**

The meeting of the Western Riverside County Regional Conservation Authority was called to order by Chairman Tavaglione at 12:30 p.m. on Monday, September 14, 2015 in the Board Room of the Riverside County Administrative Center, 4080 Lemon Street, Riverside, California, 92501.

### **2. PLEDGE OF ALLEGIANCE**

Chairman Tavaglione led the RCA Board Members and meeting attendees in a flag salute.

### **3. ROLL CALL**

#### **Board Members Present**

#### **Board Members Absent**

<p>George Moyer, <i>City of Banning</i>            Mark Orozco, <i>City of Beaumont*</i>            Jeffrey Hewitt, <i>City of Calimesa</i>            Tim Brown, <i>City of Canyon Lake</i>            Eugene Montanez, <i>City of Corona</i>            Clint Lorimore, <i>City of Eastvale</i>            Linda Krupa, <i>City of Hemet</i>            Verne Lauritzen, <i>City of Jurupa Valley</i>            Natasha Johnson, <i>City of Lake Elsinore</i>            Matt Liesemeyer, <i>City of Menifee</i>            D. LaDonna Jempson, <i>City of Moreno Valley</i>            Harry Ramos, <i>City of Murrieta</i>            Kevin Bash, <i>City of Norco</i>            David Starr Rabb, <i>City of Perris</i>            Andy Melendrez, <i>City of Riverside</i>            Maryann Edwards, <i>City of Temecula</i>            Ben Benoit, <i>City of Wildomar</i>            Kevin Jeffries, <i>Riverside County District I</i>            John Tavaglione, <i>Riverside County District II</i>            Chuck Washington, <i>Riverside County District III</i>            Ella Zanowic, <i>Riverside County District V Alt.</i></p>	<p>Scott Miller, <i>City of San Jacinto</i>            John Benoit, <i>Riverside County District IV</i></p>
--	---

\*Arrived after start of meeting

### **4. PUBLIC COMMENTS**

There were no public comments.

## RCA BOARD OF DIRECTORS MINUTES

Page 2 of 7

September 14, 2015

### 5. BOARD MEMBER ANNOUNCEMENTS

There were no Board Member announcements.

### 6. ADDITIONS/REVISIONS

There were no additions/revisions.

### 7. APPROVAL OF MINUTES

***M/S/C (MOYER/ZANOWIC) to approve the minutes of the June 1, 2015 meeting of the RCA Board of Directors.***

***Ayes 19, Nays 0, Abstain 1 (RABB)***

### 8. CONSENT CALENDAR *(All matters listed under the Consent Calendar will be approved in a single motion unless a Board Member requests separate action on specific Consent Calendar item. The item will be pulled from the Consent Calendar and placed for discussion.)*

***M/S/C (BENOIT/KRUPA) to approve the following Consent Calendar items:***

***Ayes 20, Nays 0, Abstain 0***

#### 8.1 WESTERN RIVERSIDE COUNTY MULTIPLE SPECIES HABITAT CONSERVATION PLAN (MSHCP) LOCAL DEVELOPMENT MITIGATION FEE (LDMF) COLLECTION AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR MAY, JUNE AND JULY 2015

##### Overview

This item is for the RCA Board of Directors to receive and file the Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Reports for May, June and July 2015.

#### 8.2 FISCAL YEAR 2015 FOURTH QUARTER CONSULTANT REPORTS

##### Overview

This item is for the RCA Board of Directors to receive and file the Fiscal Year 2015 Fourth Quarter Consultant Reports.

### 9. FISCAL YEAR 2015 PRELIMINARY FOURTH QUARTER FINANCIAL REPORT (UNAUDITED)

Honey Bernas, Director of Administrative Services, presented the preliminary, unaudited Fiscal Year 2015 Fourth Quarter Financial Report. She advised that auditors will be at



## **RCA BOARD OF DIRECTORS MINUTES**

**Page 3 of 7**

**September 14, 2015**

the RCA on Monday, September 21, 2015, to begin the audit. Staff anticipates presenting the final report to the Executive Committee at the November 18, 2015 meeting and to the RCA Board at the December 7, 2015 meeting.

Honey presented the Executive Summary (cash balance and financial statement overview), detailed financial statements and an MSHCP Fee Collections Report. She reported that as of June 30, 2015, the cash balance was \$30.5 million, which represents a \$2.1 million increase from the prior year's ending cash balance. She presented an overview of the cash receipts of \$20.9 million and cash disbursements of \$18.8 million. It was reported that an overall, combined excess of revenues over expenditures of approximately \$3.6 million. She also reported that revenues exceeded expenditures in Operations Program, Management and Monitoring Program and Land Acquisition Program. She further reported that the cash balance to date is \$34.6 million, with an additional \$3.8 million set aside for the restricted endowment.

She then gave an overview of revenue and expenditures for RCA's three programs. In Operations revenues of \$2.6 million exceeded expenditures of \$369 thousand by \$2.2 million. The excess revenue was attributable to two Participating Special Entity Certificates of Inclusion for Southern California Edison projects.

In Management and Monitoring, revenues of \$3.5 million exceeded expenditures of \$2.3 million by \$1.2 million. Out-of-County tipping tonnage was significantly higher than last year. During the year, RCA received \$2.9 million in tipping fees, compared to \$2.4 million in the prior year.

In Land Acquisitions, revenues of \$16.7 million exceeded expenditures of \$16.4 million by about \$241 thousand. RCA acquired 20 properties and two conservation easements, adding \$1,109 acres to the reserve.

Overall as of June 30, 2015, RCA's three programs generated revenues of \$22.7 million, with incurred expenditures of \$19.1 million, which generated a net \$3.6 million increase to the beginning fund balance of \$26.5 million. RCA's ending fund balance as of June 30, 2015 is approximately \$30.1 million. Of this amount, \$17.4 million is unrestricted general funds, and \$12.7 million is restricted for capital acquisitions.

Honey reported that no major adjustments are anticipated after the audit.

Board Member Brown asked about the breakdowns for operating costs versus acquisition costs in the detailed report. He asked for an explanation of the categories and how calculated. Honey answered that RCA has three different programs: Operations; Management and Monitoring; and Land Acquisitions.

Board Member Brown wanted to know how cost allocations/assignments are figured to each of the three categories. Honey answered to say that RCA's mission for the first 25 years is acquisitions. Costs that are not specifically charged to a project are allocated 80

## **RCA BOARD OF DIRECTORS MINUTES**

**Page 4 of 7**

**September 14, 2015**

percent to the Acquisition Program, and 10 percent each to Operations and Management and Monitoring.

Board Member Brown asked if there has been a study conducted to verify allocations to these expenses. Honey answered that the funding plan is laid out in the MSHCP and allocations and expenditures are reviewed annually.

Board Member Brown said he is looking for validations that those allocations are accurate. Charlie Landry, Executive Director answered and said that this is part of the audit process.

Board Member Krupa asked about the tipping fees, is this the amount RCA receives from the landfills. Honey Bernas answered that RCA receives \$1.50 per ton for out-of-county waste and a maximum of \$400 thousand annually for in-county.

Board Member Krupa further asked if the new legislation in 2016 and the anaerobic digester that CR&R is placing would have a negative impact on tipping fees RCA would receive next year. Charlie Landry answered that he research and report back. Board Member Krupa said she would like an answer at another meeting.

Board Member Brown asked if at a future meeting could he receive a clarification on what is the process for developers not having to pay the fees. He is not clear and is requesting a detailed explanation on how that works. Honey asked for clarification and if he was referring to fee credits. Board Member Brown said yes. Honey answered that staff developed a draft policy that was sent to all the member agencies for review and comment. This draft policy, along with comments from member agencies, will be brought to the Executive Committee in October and back to the Board of Directors in November.

***M/S/C (EDWARDS/JOHNSON) to receive and file the Fiscal Year 2015 Preliminary Fourth Quarter Financial Report (Unaudited).***

***Ayes 20, Nays 0, Abstain 0***

*Board Member Orozco arrived at the time of voting (12:43p.m.)*

### **10. EXECUTIVE DIRECTOR'S REPORT**

#### **10.1 Loan Program**

Charlie Landry stated that before reporting on the Loan Program, he wanted to inform the Board that RCA was awarded \$2 million in grant funds from the U.S. Fish and Wildlife for the coming year. These are Section 6 grant funds for Habitat Conservation Plan Land Acquisitions. The maximum available per entity this year was \$2 million. Nationwide there was only \$20 million available, so RCA will take their ten percent. There is a big federal component in the MSHCP. The federal and state governments are supposed to acquire one-third of the land, but the \$2 million dollars does help. It is a matching

## **RCA BOARD OF DIRECTORS MINUTES**

**Page 5 of 7**

**September 14, 2015**

program. Typically the state will provide the match, which is typically a one-third and two-thirds so RCA may receive an additional \$1 million from the state. This will equate to \$3 million for additional acquisitions for next year.

With regard to the loan program, Charlie Landry reported that the senate has passed the TIFA language which did include HCP language. The house is not moving on the transportation bill because they have stop gap legislation, and there is no pressing push right now on the house side. Congressman Calvert is carrying the ball for RCA and is well positioned to do so when the house starts moving on this issue.

Charlie further reported that Tom Mullen, has terminated his contract with RCA citing workload and the success that has been achieved on the loan program. Tom was on a reimbursable contract for reimbursement for expenses only. He has been donating his time to the RCA. Regional Conservation Authority has experienced significant successes due to Tom's valuable consultation. He has volunteered an incredible amount of time to RCA and has been very supportive and helpful both locally and in Washington, D.C. His coaching, advice and help will be missed.

### **10.2 Discussion of RCA Bylaws**

Charlie Landry reported that staff brought forward to the Executive Committee a possible resolution to have the Chairman and Vice Chairman serve for two-year periods instead of one-year. Staff proposed this because of the complexity of the MSHCP. Our current Chairman and Vice Chairman did not propose the change, yet previous Chairpersons have suggested it. Charlie further stated that in the discussion with Executive Committee two key points arose: 1. It would require a four-year commitment from either a city or county representative. It would require two years as Vice Chairman and two years as Chairman, which did not seem practical; 2. It would delay changes for key positions, and possibly not allow fresh ideas to be received as frequently. Charlie further reported that there was no action proposed by the Executive Committee, other than to brief the Board on the issue. Staff will not be bringing this item back in the future.

Chairman Tavaglione commented that there was no intent by him or the Vice Chairman Montanez to extend the term. Chairman Tavaglione further commented that he returned to RCA as an officer after a long stint with the California State Association of Counties (CSAC) in Sacramento. He stated that he spent a considerable amount of time in Sacramento and was disengaged for some time, but was very engaged with the habitat plan early on. A former director suggested that individuals who have a long history and detailed knowledge of the program dedicate more time to RCA and serve as officers, citing this would prove helpful, especially with the loan program in Washington. He felt was crucial that this history and experience be taken to the representatives in Washington. Chairman Tavaglione stated that while the reasons for extending the term of Chairman and Vice Chairman are valid, it was a good recommendation to not amend the bylaws. Chairman Tavaglione stated that if RCA requires his experience or historical knowledge, he will pay his own way to travel to Washington, D.C., and speak on behalf of RCA.

## **RCA BOARD OF DIRECTORS MINUTES**

**Page 6 of 7**

**September 14, 2015**

### **11. LAND ACQUISITION UPDATE**

Charlie Landry reported that since the last meeting, RCA acquired two additional properties totaling 33 acres, bringing the reserve total to 49,201 acres.

### **12. ITEMS FOR NEXT MEETING**

Board Member Brown would like to have follow-up discussion on the National Wildlife Refuge.

Board Member Jempson suggested that in the interest of new Board Members, acronyms should be spelled in staff reports and an updated list of acronyms should be provided.

Board Member Rabb mentioned that there is a portion of RCA owned land in the City of Perris that is located behind the Monument Ranch Community. When it rains, the water collects on that particular section of land. His city engineer advised that RCA would need to grade the land so that the water can flow into the San Jacinto River. He further stated that RCA staff mentioned that collaboration with the Army Corp of Engineers would be needed. He hopes to resolve this at the city staff level, but wanted to make the Board aware of the issue. Board Member Rabb's concern is that the water that collects on this land and attracts mosquitos. Several residents have been adamant about their concerns and planned to be at this RCA meeting. Board Member Rabb wanted to bring this to RCA's staff attention should there be a need for a future agenda item.

Board Member Ramos commented that he would like an update on the 14 burrowing owls which were placed on RCHCA land. He wants to know if they are mating and are there numbers increasing. Charlie asked if he was referring to RCHCA or RCA land. Board Member Ramos said they were placed onto RCHCA land. Charlie Landry stated that RCA will contact RCHCA and report back.

### **13. CLOSED SESSION ITEMS:**

#### **13.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION**

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

- **Case Number RIC1203353 Albert Thomas Paulek vs. RCA**
- **Case Number MCC1300351 JPR, Inc., dba Silverado Ranch Estates vs. California Department of Fish and Game; County of Riverside; Western Riverside County Regional Conservation Authority**
- **Case Number RIC10004733 Calvary Chapel of Murrieta vs. Western Riverside County Regional Conservation Authority; City of Murrieta**

**RCA BOARD OF DIRECTORS MINUTES**

**Page 7 of 7**

**September 14, 2015**

- 13.2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**  
Significant exposure to litigation pursuant to paragraph 2 of subdivision (d) of Section 54956.9

**One potential case.**

- 13.3 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**  
Initiation of litigation pursuant to paragraph 4 of subdivision (d) of Section 54956.9

**One potential case.**

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

**14. ADJOURNMENT**

There being no other items before the RCA Board, Chairman Tavaglione adjourned the meeting at 1:15 p.m. The next meeting of the Western Riverside County Regional Conservation Authority Board of Directors is scheduled for Monday, October 5, 2015, at 12:30 p.m. at the County of Riverside Administrative Center, Board Room, 4080 Lemon Street, Riverside, California.

Prepared by:



Rose Esparza  
Administrative Manager

Respectfully submitted:



Honey Bernas  
Clerk of the Board

## **AGENDA ITEM NO. 8.1**

**WESTERN RIVERSIDE COUNTY  
MULTIPLE SPECIES HABITAT  
CONSERVATION PLAN (MSHCP)  
LOCAL DEVELOPMENT  
MITIGATION FEE (LDMF)  
COLLECTION AND  
CIVIC/INFRASTRUCTURE  
CONTRIBUTION REPORT FOR  
AUGUST 2015**

*Regional Conservation Authority*

**WESTERN RIVERSIDE COUNTY  
MULTIPLE SPECIES HABITAT CONSERVATION PLAN (MSHCP)  
LOCAL DEVELOPMENT MITIGATION FEE (LDMF) COLLECTION  
AND CIVIC/INFRASTRUCTURE CONTRIBUTION REPORT FOR  
AUGUST 2015**

---

**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 August 2015. The report was prepared on a cash basis and, therefore, reflects the cash received by RCA during the month of August.

**Staff Recommendations:**

That the RCA Board of Directors receive and file the attached Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for August 2015.

**Attachment**

Western Riverside County MSHCP LDMF Collection and Civic/Infrastructure Contribution Report for August 2015

**AGENDA ITEM NO. 8.1  
ATTACHMENT**

**WESTERN RIVERSIDE COUNTY  
MULTIPLE SPECIES HABITAT  
CONSERVATION PLAN (MSHCP)  
LOCAL DEVELOPMENT  
MITIGATION FEE (LDMF)  
COLLECTION AND  
CIVIC/INFRASTRUCTURE  
CONTRIBUTION REPORT FOR  
AUGUST 2015**



**MSHCP LDMF AND CIVIC/INFRASTRUCTURE CONTRIBUTION  
CASH RECEIPTS AUGUST 2015  
CASH BASIS**

<b>DEVELOPMENT FEES</b>					
<b>City/County by Month</b>	<b>REMITTED</b>			<b>EXEMPTIONS AND FEE CREDITS</b>	
	<b>Residential Permits</b>	<b>Commercial Acres</b>	<b>Amount Remitted</b>	<b>Residential Permits</b>	<b>Amount</b>
City of Banning July - No Activity					
City of Beaumont July received in September					
City of Calimesa July - No Activity					
City of Canyon Lake July - No Activity					
City of Corona July	146	0.43	\$185,357		
City of Eastvale July	45	180.80	\$1,250,862		
City of Hemet July	10		\$19,464		
City of Jurupa Valley July	73		\$141,474		
City of Lake Elsinore - July Summerly Project <sup>1</sup> Pardee-Grossman/Cottonwood Canyon <sup>2</sup>				19 45	\$37,088 \$87,840
City of Menifee July	50	0.58	\$101,454		
City of Moreno Valley July - No Activity					
City of Murrieta July	1		\$1,938		
City of Norco July - No Activity					
City of Perris July	14		\$27,132		
City of Riverside July	6		\$8,374		
City of San Jacinto June July - No Activity	29		\$56,202		
City of Temecula July - No Activity					
City of Wildomar July	12	0.23	\$24,949		
County of Riverside(TLMA) August	34	4.39	\$95,803		
<b>Total Cities and County</b>	<b>420</b>	<b>186.43</b>	<b>\$1,913,009</b>	<b>64</b>	<b>\$124,928</b>

<b>CIVIC AND INFRASTRUCTURE PROJECTS</b>		
Flood Control and Water District	Hemet MDP Line C, State 4. Contract of \$4.8 million subject to 3%.	\$145,152
<b>Total Civic/Infrastructure Remitted</b>		<b>\$145,152</b>

**TOTAL RECEIPTS - AUGUST 2015    \$ 2,058,161**

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. 9**

**RESOLUTION NO. 2015-008,  
“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. 2015-008,  
“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 September 1, 2015. 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 changes to its Statement of Investment Policy:

1. Page 6, Date: Updated the Date
2. Page 7, Schedule I: Increase maturity maximum from 3 years to 4 years for the Authorized Investments of “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)”
3. Page 8, Authorized Broker/Dealers Schedule II: Added Raymond James & Associates, Inc. as an authorized dealer
4. Page 10, Schedule IV, Number 2: Added “as well as exceed that of U.S. Treasury Securities.”

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.

**Staff Recommendation:**

That the RCA Board of Directors adopt Resolution No. 2015-008, *Resolution of the Board of Directors of the Western Riverside County Regional Conservation Authority Adopting a Statement of Investment Policy*.

**Attachments:**

1. Resolution No. 2015-008, *“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. 2015-008**

**RESOLUTION NO. 2015-008**

**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. 2015-003.

**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 5th day of October, 2015.

By: \_\_\_\_\_  
John F. Tavaglione, Chairman  
Western Riverside County Regional  
Conservation Authority

ATTEST:

By: \_\_\_\_\_  
Honey Bernas, Clerk of the Board  
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 April 6, 2015.

### **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 cashflow 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 2, 2014 by County Ordinance No.767.18. 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, and 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 daily and audited monthly by the Treasurer's Internal Audits staff.

## **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 cashflow 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 of the responsible agency, 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. 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

September 1, 2015

## SCHEDULE I

<b>AUTHORIZED INVESTMENTS</b>	<b>DIVERSIFICATION (1)</b>	<b>PURCHASE RESTRICTIONS</b>	<b>MATURITY</b>	<b>CREDIT QUALITY (S&amp;P/MOODY'S/FITCH)</b>
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.
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
<b>1</b>	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	<b>Corp.</b> 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.  <b>Muni.</b> Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
<b>2</b>	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	<b>Corp.</b> Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity.  <b>Muni.</b> Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity.
<b>3</b>	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	<b>Corp.</b> Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity.  <b>Muni.</b> Maximum of 5% per issuer. No more than 13 month final maturity.
<b>4</b>	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	<b>Corp.</b> 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.  <b>Muni.</b> 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

<b>S&amp;P</b>	<b>A-1+, A-1</b>
<b>Moody's</b>	<b>P-1</b>
<b>Fitch</b>	<b>F-1+, F-1</b>

Long-Term Scale

<b>S&amp;P</b>	<b>AAA, AA+, AA, AA-, A+, A</b>
<b>Moody's</b>	<b>Aaa, Aa1, Aa2, Aa3, A1, A2</b>
<b>Fitch</b>	<b>AAA, AA+, AA, AA-, A+, A</b>

**AGENDA ITEM NO. 9**  
**Attachment 2**

**Statement of Investment Policy**  
**Redlined Copy**





**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 cashflow 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 2, 2014 by County Ordinance No.767.18. 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, and 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 daily and audited monthly by the Treasurer's Internal Audits staff.

## **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 cashflow 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 of the responsible agency, 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. 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

December 2, 2014

## 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 <del>34</del> 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.
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
<b>1</b>	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1+)	AAA/Aaa/AAA	<b>Corp.</b> 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.  <b>Muni.</b> Maximum of 5% per issuer with no more than 2% greater than 13 month final maturity.
<b>2</b>	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA+/Aa1/AA+, AA/Aa2/AA	<b>Corp.</b> Maximum of 4% per issuer with no more than 1% greater than 1 year final maturity. No more than 13 month final maturity.  <b>Muni.</b> Maximum of 5% per issuer with no more than 1% greater than 13 month final maturity.
<b>3</b>	A-1+/P-1/F-1+ (SP-1+/MIG1/F-1)	AA-/Aa3/AA-	<b>Corp.</b> Maximum of 3% per issuer with no more than 1.5% greater than 90 days. No more than 270 days final maturity.  <b>Muni.</b> Maximum of 5% per issuer. No more than 13 month final maturity.
<b>4</b>	A-1/P-1/F-1 (SP-1/MIG1/F-1)	A/A2/A or better.	<b>Corp.</b> 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.  <b>Muni.</b> 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

<b>S&amp;P</b>	<b>A-1+, A-1</b>
<b>Moody's</b>	<b>P-1</b>
<b>Fitch</b>	<b>F-1+, F-1</b>

Long-Term Scale

<b>S&amp;P</b>	<b>AAA, AA+, AA, AA-, A+, A</b>
<b>Moody's</b>	<b>Aaa, Aa1, Aa2, Aa3, A1, A2</b>
<b>Fitch</b>	<b>AAA, AA+, AA, AA-, A+, A</b>