

**COUNTY OF RIVERSIDE, CALIFORNIA**  
**BOARD OF SUPERVISORS POLICY**

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**Purpose & Objective:**

This investment policy statement applies to funds held in trust with a fiscal agent, primarily proceeds of bonds issued by the County of Riverside Community Facilities Districts and 1915 Act Assessment Districts under the control of the Board of Supervisors. The first and primary objective in investing funds shall be preservation of capital. A secondary objective would be to meet the liquidity needs of each fund's disbursement requirements. The final objective is to achieve the highest return allowable consistent with these objectives in compliance with bond documents, state and federal law.

**Authority**

Authority for the direction of investments is delegated by the particular bond indenture, Board resolution, and/or fiscal agent agreement and escrow agreement. Pursuant to the governing document, either the County Executive Officer (CEO) or designees (which include the Chief Finance Officer, Director of Finance or the Community Facilities Districts/Assessment Districts (CFD/AD) coordinator are authorized to make investments.

An updated list of the CEO and authorized designees is to be held on file with the CFD/AD coordinator within the County Executive Office and the fiscal agent(s). It shall be updated as required. Those authorized are permitted to make investments, request wire or electronic fund transfers and to order the shipment and delivery of investment securities among accounts.

**Authorized Investments**

Investments shall be restricted to those authorized in Government Code Section 53601, as amended, and as further restricted by each bond indenture.

**Authorized Broker/Dealers**

Security transactions are limited solely with those as specified in Schedule II of the County of Riverside Treasurer-Tax Collector's (TTC) Statement of Investment Policy (STIP), which is presented annually to the County Investment Oversight Committee (IOC) for review, and to the Board of Supervisors for approval. See the STIP at: [www.countytreasurer.org/Treasurer.aspx](http://www.countytreasurer.org/Treasurer.aspx)

SB 866 prohibits the selection of any broker, brokerage, dealer, or securities firm that has made a political contribution to the Treasurer-Tax Collector or any member of the Board of Supervisors or the governing board of a Community Facilities District. It also limits the receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the CEO or authorized designees conduct business or by any member of the IOC.

No security transactions are authorized until the bank and/or primary broker/dealer or other authorized firms have been delivered a current copy of this Policy and has agreed in writing to be bound thereby (see Attachment A ), returning via electronic mail a complete copy of this document to be held on file within the County Executive Office.

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**Investment Advisor**

To the extent authorized by the Board of Supervisors, an investment advisor may, pursuant to contract, provide financial advice and direction on investments to be made, but their authority shall be limited and shall not extend to the holding of bond proceeds and portfolio assets. Contracts with investment advisory consultants shall stipulate that payment for services is to be made from the administrative fees of the district and shall not be in the form of a commission from products that the advisor may recommend for sale. An investment advisor who has made a political contribution to the Treasurer-Tax Collector or any member of the Board of Supervisors shall not be considered for contract.

**Fiscal Agent**

The fiscal agent may act as principal or agent in the making or disposing of any investment as defined in the districts bond indenture. The fiscal agent may sell at the best market price obtainable, or present for redemption, any authorized investment so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which authorized investment is credited. The fiscal agent shall not be liable or responsible for any loss resulting from such investment. In the absence of written investment direction from the CEO or authorized designees, the fiscal agent shall invest obligations as directed by the bond documents which govern those obligations.

**Security, Custody And Delivery**

All security collateral shall be deposited for safekeeping with the fiscal and/or paying agent contracted to provide the County Executive Office with custodial security clearance services. These third-party trust department arrangements provide each district with ownership and control over the securities held by the fiscal and/or paying agent on the districts' behalf. 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 by the Executive Office staff for conformity with Executive Office transaction documentation and retained on file for review as required by law.

**Liquidity**

Based upon the characteristics of each fund, all investment maturities are to coincide with expected cash disbursement requirements (i.e., debt service or construction costs) thereby eliminating the need to utilize reverse-repurchase agreements. Limitations on holdings are outlined in each bond indenture.

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**Investment Agreement Contracts**

Investment agreement contracts shall not be entered into where above market profits accrue to a dealer/broker. All achievable earnings (including any excess earnings) will accrue to the issuer even though the issuer may incur tax liability or rebate excess earnings to the federal government. All investment agreements will incorporate downgrade provisions to allow for the liquidation of the investment.

**Restrictions On Purchase Of Securities**

The County of Riverside Executive Office, on behalf of Community Facilities Districts and 1915 Act Assessment Districts, shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements or into any security lending agreements. The County Executive Office shall not invest any funds in derivative securities, inverse floaters, range notes, or interest only strips. No securities are to be purchased in a mutual bond fund where the principal dollars invested would be subject to daily market value adjustments in the fund's portfolio assets.

Investment transactions are to be made at current market value and competitively priced whenever possible. All securities purchased at a discount must, by maturity, yield the par value. Moneys in all funds and accounts may be aggregated for purposes of investing in Authorized Investments except when it is necessary to segregate a fund or account or portion thereof for purposes of restricting the yield on the investment of such funds.

**Trading Of Securities**

Securities may be traded or sold prior to maturity either at a profit or a loss when economic circumstances, trends in short-term interest rates, or a deterioration in the creditworthiness of the issuer warrants a sale of the securities to either enhance the investments yield or to minimize further erosion and loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original book value of the security plus cumulative interest earned from the date of purchase to the date of sale. However, the sale of securities at a loss can only be made after first securing the approval of the County Executive Officer in written or telephonic directions, confirmed in writing.

**Accountability And Control**

All investment transactions are to be performed by the CEO or authorized designees, or the fiscal agent, on behalf of the district, documented, and reviewed for approval by the CEO or authorized designees. A copy of each investment transaction shall be filed within the County Executive Office. Portfolio interest income shall be reconciled monthly against cash receipts, and interest earnings shall be distributed

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monthly in compliance with the bond documents of each particular issuance. A compliance audit will be performed annually.

**Reports**

Investment portfolio reports shall state the book vs. current market value of all investments for each Mello-Roos Community Facilities District bond issuance and 1915 Act Assessment District bond issuance, reviewed quarterly by the Investment Oversight Committee (IOC) and shall be filed within the County Executive Office. After the close of each fiscal year, the annual compliance audit report will be reviewed by the IOC and then placed on the Board of Supervisors agenda, along with the year-end investment portfolio report.

**Interpretation Of Policy Statement**

This investment policy statement is to be interpreted conservatively. There is no implied authority to engage in any hedging strategy, option, future, swap agreement, or other similar investment practice, or to purchase other types of securities without the expressed written authority of the Board of Supervisors.

**Effective Date**

This policy statement is to be effective on the date of approval by the County of Riverside Board of Supervisors and will remain in force until subsequently amended.

**Reference:**

- Minute Order 3.0 of 03/18/96
- Minute Order 3.3 of 04/10/07
- Minute Order 3.3 of 05/17/22

**(FOLLOWING IS ATTACHMENT A)**

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**Attachment A**

As an authorized representative of an approved broker/dealer or other authorized firm, I have received, read and retain on file a copy of the County of Riverside Board of Supervisors **Policy B-19 Land Secured Investment Policy** and to hereby agree to ensure compliance with said policy.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm

\_\_\_\_\_  
Date

**Please return a copy of this Attachment via email to [cfid@rivco.org](mailto:cfid@rivco.org).**