

006

SUBMITTAL TO THE BOARD OF DIRECTORS
REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Redevelopment Agency

SUBMITTAL DATE: July 17, 2003

SUBJECT: INVESTMENT POLICY AND ANNUAL PORTFOLIO DISCLOSURE REPORT FOR THE YEAR
ENDING JUNE 30, 2003

RECOMMENDED MOTION: That the Board of Directors receive and file the attached Disclosure Report on the Redevelopment Agency's Investment Portfolio for the year ending June 30, 2003 and adopt the Agency's Investment Policy dated June 30, 2003.

BACKGROUND: On September 12, 1995, the Board of Supervisors adopted an umbrella investment policy which directs those departments and special districts whose funds reside in Trust or in separate operating funds other than the Treasurer's pool to establish an Investment Policy establishing authority for investing, minimum requirements for quality investment practices, reporting and auditing standards. This policy also requires the Redevelopment Agency to annually adopt the Agency's Investment Policy and file annual Disclosure Reports with the Board of Directors, the Auditor Controller and the Investment Oversight Committee. Enclosed is the Redevelopment Agency's Investment Policy and Disclosure Report for the year ending June 30, 2003. There have been no changes made to the Agency's Investment Policy.

Bradley J. Hudson, Executive Director

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FINANCIAL DATA:

CURRENT YEAR COST: \$ 0
NET COUNTY COST: \$ 0
BUDGET ADJUSTMENT: no
COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: no
SOURCE OF FUNDS: na

ANNUAL COST \$ 0
IN CURRENT YEAR BUDGET: na
FOR FY: na

C.E.O. RECOMMENDATIONS:

APPROVE

County Executive Officer Signature:

Department Recommendation: Consent Policy
Per Executive Office: Consent Policy

Prev. Agn. Ref.

Dist.
all

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

AGENDA NO.
4.5

**Riverside County Redevelopment Agency
Disclosure Report on Investment Portfolio
June 30, 2003**

Purpose: The following report is provided annually by the Riverside County Redevelopment Agency to the members of the Board of Directors, County Auditor-Controller, County Investment Oversight Committee, and to any member of the public interested in the information.

The report will consider the following two areas involving the Redevelopment Agency's management of the portfolio;

(1) The preservation of the principal in the funds invested, the cost (i.e., book value) vs. the current market value of the securities in the portfolio, and

(2) The liquidity position of the portfolio.

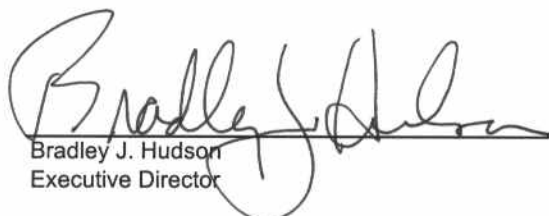
Portfolio: The following is the composition of the portfolio showing the book and current market value of the securities in the portfolio reported by the Agency's fiscal agents (i.e. Bank of New York) as of June 30, 2003.

Type	Book Value	Market Value	%
U.S. Treasury Bills & Notes	\$ -	\$ -	
Federal Agency Securities	\$ -	\$ -	
Repurchase Agreements	\$ -	\$ -	
Investment Agreements	\$ 44,144,418.40	\$ 44,144,418.40	63%
Taxable Money Market Fund	\$ 8,441,885.00	\$ 8,441,885.00	12%
Non Taxable Money Market Fund	\$ -	\$ -	
Pooled Investment Account	\$ 17,334,212.02	\$ 17,334,212.02	25%
Commercial Paper	\$ -	\$ -	
Bankers Acceptances	\$ -	\$ -	
State, local govt. bonds, notes, etc.	\$ -	\$ -	
Totals	\$ 69,920,515.42	\$ 69,920,515.42	100%

As of June 30, 2003, the liquidity position of the portfolio was:

Type	Amount	Available
Redevelopment Fund	\$ 15,165,440.69	Immediately
Reserve Fund	\$ 10,056,687.91	As Needed
Principal Fund	\$ 13.20	Immediately
Interest Fund	\$ 3,803.11	Immediately
Revenue Fund	\$ 178.03	As Needed
Capitalized Interest	\$ 2,624,412.85	As Needed
Escrow Account	\$ 34,756,016.15	As Needed
Cost of Issuance Account	\$ 42,782.03	As Needed
Custody Fund	\$ 7,271,181.45	As Needed
Total	\$ 69,920,515.42	\$ 69,920,515.42

The pooled investments shown above provide sufficient cash flow liquidity to meet the next six months estimated expenditures. I certify that this report accurately reflects all pooled investments and is in conformity with the investment policy approved by the Board of Directors of the County of Riverside, State of California.



 Bradley J. Hudson
 Executive Director

Riverside County Redevelopment Agency
Statement of Investments, June 30, 2003

Account Name	Security Purchased	Rating	Settlement Date	Maturity Date	Coupon Rate/Yield	Investment Value	Market Value
<u>97 Redevelopment Fund</u>							
Investment Agreement	Assured Return Management Corp.	Aaa/AAA	10/30/1997	9/30/2002	N/A	-	-
Sub Total						-	-
<u>97 Bond Reserve Account</u>							
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.82%	4,900.42	4,900.42
Investment Agreement	American Int'l. Group Inc.-Matched Funding	Aaa/AAA	9/30/1997	10/1/2033	6.48%	632,669.86	632,669.86
Sub Total						637,570.28	637,570.28
<u>97 Custody Account</u>							
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	7,271,181.45	7,271,181.45
Sub Total						7,271,181.45	7,271,181.45
<u>97 Revenue Fund</u>							
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	178.03	178.03
Sub Total						178.03	178.03
<u>97 Project Area #1 Reserve Account</u>							
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.81%	24.45	24.45
Investment Agreement	American Int'l. Group Inc.-Matched Funding	Aaa/AAA	9/30/1997	10/1/2033	6.48%	135,288.52	135,288.52
Sub Total						135,312.97	135,312.97
<u>97 Project Area #2 Reserve Account</u>							
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	8,161.10	8,161.10
Investment Agreement	American Int'l. Group Inc.-Matched Funding	Aaa/AAA	9/30/1997	10/1/2033	6.48%	1,686,474.34	1,686,474.34
Sub Total						1,694,635.44	1,694,635.44
<u>97 Project Area #3 Reserve Account</u>							
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	64.84	64.84
Investment Agreement	American Int'l. Group Inc.-Matched Funding	Aaa/AAA	9/30/1997	10/1/2033	6.48%	344,979.19	344,979.19
Sub Total						345,044.03	345,044.03
<u>97 Project Area #3-89 Reserve Account</u>							
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.82%	108.90	108.90
Investment Agreement	American Int'l. Group Inc.-Matched Funding	Aaa/AAA	9/30/1997	10/1/2033	6.48%	568,436.73	568,436.73
Sub Total						568,545.63	568,545.63

Riverside County Redevelopment Agency
Statement of Investments, June 30, 2003

<u>97 Project Area #4 Reserve Account</u>									
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	173.31		173.31	
Investment Agreement	American Int'l. Group Inc.-Matched Funding	Aaa/AAA	9/30/1997	10/1/2033	6.48%	930,786.78		930,786.78	
Sub Total						930,960.09		930,960.09	
<u>97 Project Area #5 Reserve Account</u>									
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	149.32		149.32	
Investment Agreement	American Int'l. Group Inc.-Matched Funding	Aaa/AAA	9/30/1997	10/1/2033	6.48%	816,440.47		816,440.47	
Sub Total						816,589.79		816,589.79	
<u>97 Project Area Principal Account</u>									
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	13.20		13.20	
Sub Total						13.20		13.20	
<u>97 Project Area Interest Account</u>									
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.83%	3,803.11		3,803.11	
Sub Total						3,803.11		3,803.11	
<u>01 JV Redevelopment Fund</u>									
Pooled Investment Account	MBIA, Inc.	Aaa/AAA	4/30/2002	10/1/2004	3.26%	14,774,734.11		14,774,734.11	
Money Market Account	U/O/P in Federated Treasury Obligations	Aaa/AAA(m)	N/A	N/A	0.83%	163.77		163.77	
Money Market Account	AIM Mutual Funds*	Aaa/AAA	N/A	N/A	1.08%	390,542.81		390,542.81	
Sub Total						15,165,440.69		15,165,440.69	
<u>01 JV Debt Service Reserve Account</u>									
Money Market Account	U/O/P Federated U.S. Treasury	Aaa/AAA(m)	6/30/1998	N/A	0.82%	518,687.17		518,687.17	
Investment Agreement	Ambac Capital Funding, Inc.	Aa3/AA-	4/25/2001	10/1/2035	6.07%	4,409,342.51		4,409,342.51	
Sub Total						4,928,029.68		4,928,029.68	
<u>01 JV Capitalized Interest Account</u>									
Pooled Investment Account	MBIA, Inc.	Aaa/AAA	4/30/2002	4/1/2004	3.26%	2,559,477.91		2,559,477.91	
Money Market Account	U/O/P in Federated Treasury Obligations	Aaa/AAA(m)	N/A	N/A	0.82%	64,934.94		64,934.94	
Sub Total						2,624,412.85		2,624,412.85	
<u>01 JV Escrow Account</u>									
Investment Agreement	Bayerische Landesbank Investment Agmt.	Aa3/AA-	4/1/2001	4/1/2006	5.02%	34,620,000.00		34,620,000.00	
Money Market Account	U/O/P in Federated Treasury Obligations	Aaa/AAA(m)	N/A	N/A	0.82%	10,468.84		10,468.84	
Sub Total						34,630,468.84		34,630,468.84	
<u>01 JV Cost of Issuance Account</u>									
Money Market Account	U/O/P in Federated Treasury Obligations	Aaa/AAA(m)	N/A	N/A	0.82%	42,782.03		42,782.03	
Sub Total						42,782.03		42,782.03	
<u>01 JV Interest Account</u>									
Money Market Account	U/O/P in Federated Treasury Obligations	Aaa/AAA(m)	N/A	N/A	0.82%	125,547.31		125,547.31	
Sub Total						125,547.31		125,547.31	

Riverside County Redevelopment Agency
 Statement of Investments, June 30, 2003

* Yield for the quarter.

TOTAL INVESTMENT	69,920,515.42	69,920,515.42
Total by Fund Type		
Redevelopment Fund:	15,165,440.69	
Reserve Fund:	10,056,687.91	
Principal Fund:	13.20	
Interest Fund:	3,803.11	
Revenue Fund:	178.03	
Capitalized Interest:	2,624,412.85	
Escrow Account:	34,756,016.15	
Cost of Issuance Account:	42,782.03	
Custody Account:	7,271,181.45	
TOTAL INVESTMENT:	69,920,515.42	
Total by Investment Type		
Total Money Market Account Funds:	8,441,885.00	
Total Investment Agreement Funds:	44,144,418.40	
Pooled Investment Accounts:	17,334,212.02	
TOTAL INVESTMENT:	69,920,515.42	

**REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE
INVESTMENT POLICY STATEMENT
June 30, 2003**

PURPOSE & OBJECTIVE

This investment policy statement is limited solely to the proceeds of bonds issued by the Redevelopment Agency for the County of Riverside (the "Agency"). The first and primary objective in investing bond proceeds shall be to safeguard investment principal, second to maintain sufficient cash resources to meet each bond fund disbursement requirement, and third to achieve the highest earnings allowable consistent with these objectives.

AUTHORITY

The authority for the direction and/or making of investments is delegated by the particular bond indenture, board resolution, and fiscal agent agreement to the Agency's Executive Director or designee.

INVESTMENT ADVISOR

To the extent authorized by the Agency, an investment advisor may, pursuant to contract, provide financial advice and direction on investments to be made from bond proceeds, but any such authority shall not extend to the actual execution of investments on behalf of the Agency, nor shall it include the holding of bond proceeds and portfolio assets.

AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized by each bond indenture. To the extent authorized by the bond indenture, all investments shall be made in compliance with the criteria shown in Schedule 1, which defines the type of permitted investments, maturity limitations, and credit quality standards that apply. All investments shall be made and maintained at investment grade of A or better by Moody's and Standard & Poor's rating services.

LEVERAGE

No reverse-repurchase agreements are to be utilized nor shall any security purchased with bond proceeds be made subject to a security lending agreement.

COLLATERAL

All repurchase agreements will be collateralized and held with a trustee.

INVESTMENT AGREEMENT CONTRACTS

Investment agreement contracts shall be awarded through a competitive bidding process with a minimum of three bids. Any fees or commissions paid in connection herewith shall be consistent with federal tax guidelines for safe harbor payments. A certificate of compliance regarding payments to others will be required from winning bidder.

All providers will carry a minimum rate of "A" by Moody's and Standard & Poor's rating services. Providers with ratings below "AA" will be required to provide acceptable collateral.

INVESTMENT MATURITIES

Based upon the characteristics of each fund type, all investment maturities are to coincide with expected cash disbursement requirements (i.e. debt service or construction costs). Investments in the debt service reserve fund shall have maturities no greater than five years. The term of investment agreement for the debt service reserve fund may exceed five years as long as funds may be drawn down on any interest payment date without penalty.

TRADING OF SECURITIES

Securities may be traded or sold prior to maturity either at a profit or loss whenever financial market conditions or the credit quality of the security warrants such action.

REPORTS

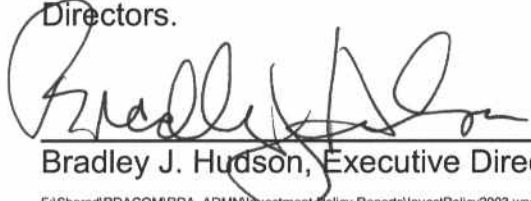
Security holdings shall be reported at book vs. market value at least quarterly to the Agency Board of Directors for each Agency bond issue outstanding and made subject to audit.

SECURITY CUSTODY & DELIVERIES

Any security collateral shall be deposited and held by an authorized bank trustee or fiscal agent. No securities are to be held in a broker/dealer account. All security transactions are to be made on a "delivery vs. payment basis."

EFFECTIVE DATE

This policy statement is effective June 30, 2003, and will remain in force until subsequently amended in writing by the Agency and adopted by the Agency Board of Directors.



Bradley J. Hudson, Executive Director

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**REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE
Authorized Designees
June 30, 2003**

Only those staff whose signatures appear here are authorized to make investments, make wire or electronic fund transfers and to order the shipment and delivery of investment securities among accounts.

NAME/TITLE

SIGNATURE

Bradley J. Hudson, Executive Director



A handwritten signature in black ink, appearing to read 'Bradley J. Hudson', written over a horizontal line.

Robin Zimpfer, Managing Director

*

Deanna Lorson, Assistant Director


*

** please see attached memo.*

Redevelopment Agency of the County of Riverside

Memorandum



To: Board of Directors
From: Sylvia Frazee 
Subject: Investment Policy Statement – Authorized Designees
Date: July 23, 2003

Please be advised that our list of authorized designees remains the same as it was last year. However, due to absences at this particular time, all signatures were unable to be obtained.

A copy of last year's signature facsimiles is attached for your reference. Again, the signature authority has not been changed.


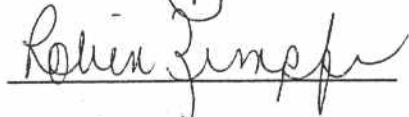
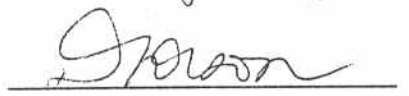
If you have any questions, please feel free to give me a call at (909) 955-6690.

Thank you.

Sylvia Frazee
Sr. Accountant

REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE
Authorized Designees
June 30, 2002

Only those staff whose signatures appear here are authorized to make investments, make wire or electronic fund transfers and to order the shipment and delivery of investment securities among accounts.

<u>NAME/TITLE</u>	<u>SIGNATURE</u>
Bradley J. Hudson, Executive Director	
Robin Zimpfer, Managing Director	
Deanna Lorson, Assistant Director	

SCHEDULE 1

**Redevelopment Agency for the County of Riverside
Authorized Investments
June 30, 2003**

AUTHORIZED INVESTMENTS	PURCHASE RESTRICTIONS	CREDIT QUALITY (S&P/MOODY'S)
U.S. Treasury Notes, bills, bonds, or other certificates of indebtedness	Appropriate maturities	N/A
Notes, participation, or obligation issued by the agencies of the Federal Government	Appropriate maturities	N/A
Bonds, notes, warrants, or certificates of indebtedness issued by the State or local agencies or County of Riverside	Appropriate maturities	L/T "A/A" or better
Bankers Acceptances among 100 largest banks by size of deposits	No more than 50% of assets with any one issuer	S/T ratings A-1 ⁺ P-1 ⁺
Commercial Paper of U.S. Corp with total assets exceeding \$500 mm	No more than 50% of assets with any one issuer	L/T ratings A+ or A1 or better
Repurchase agreements with collateral restricted to U.S. Treasury or Agencies	Master Repurchase agreements to be on file prior to investment	S/T ratings A-1 ⁺ or P-1 ⁺
Corporate notes of U.S. Corp	Maximum 2-year maturities	L/T Ratings A ⁺ or A1 or better
Investment Agreements	Appropriate Draw Dates	A or better counter-parties
Money Market mutual funds that invest in eligible securities meeting requirements of California Government Code and Assets under management of \$500 mm	Short-term Treasury Money Market Funds providing immediate liquidity No activity in Reverse Repurchase or Securities Lending Agreements	L/T AA or Aa2 or better A or better with collateral AA or better without collateral As specified in indenture